
TRUST AGREEMENT

Dated as of November 1, 2011

Between

NORTH CAROLINA TURNPIKE AUTHORITY

and

WELLS FARGO BANK, N.A.

Trustee

Authorizing and Securing

North Carolina Turnpike Authority

\$10,000,000

Monroe Connector System

Senior Lien Turnpike Revenue Bonds, Series 2011

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TRUST AGREEMENT

This **TRUST AGREEMENT**, dated as of November 1, 2011, between the **North Carolina Turnpike Authority** (the "*Authority*") within the Department of Transportation (the "*NCDOT*") of the State of North Carolina (the "*State*"), and **Wells Fargo Bank, N.A.**, a national banking association duly organized and existing under the laws of the United States of America and having a designated corporate trust office in Jacksonville, Florida, which is authorized under such laws to exercise trust powers (the "*Trustee*");

WITNESSETH:

WHEREAS, the Authority is duly organized and existing under the laws of the State, and is authorized under Article 6H (Turnpike Authority and Toll Projects) of Chapter 136, as amended (the "*Act*"), of the North Carolina General Statutes (the "*NCGS*") and The State and Local Government Revenue Bond Act, Article 5 of Chapters 159, as amended, of the NCGS (the "*Revenue Bond Act*"), to issue revenue bonds for the purpose of financing and refinancing the cost of acquiring, constructing and equipping "turnpike projects," as defined in the Act;

WHEREAS, the Secretary of Transportation, pursuant to Section 143B-10 and 143B-349 of the NCGS, has delegated to the Board of the Authority certain powers including the power to fix, revise, charge, and collect tolls and fees for the use of turnpike projects and the power to issue bonds or notes of the Authority to finance such projects;

WHEREAS, the Authority desires to issue revenue bonds pursuant to the Act, the Revenue Bond Act and this Trust Agreement to finance a portion of the costs of the land, easements, rights of way, capital improvements and equipment constituting a turnpike project of the Authority known as the "Monroe Connector System" and generally consisting of an approximately 19.7 mile roadway extending from US Highway 74 at Interstate 485 in eastern Mecklenburg County, North Carolina, near the Town of Matthews to US Highway 74 near the Town of Marshville in Union County, North Carolina, as it may hereafter exist (the "*Initial Project*");

WHEREAS, pursuant to the Act and the Revenue Bond Act, the Authority is entering into this Trust Agreement for the purpose of authorizing the issuance of particular series of such revenue bonds and securing the payment thereof by pledging and assigning its rights, title and interest in and to the Revenues, as herein defined, to the Trustee in the manner and subject to the priorities set forth herein;

WHEREAS, pursuant to Section 136-176(b2), as amended, of the NCGS, the North Carolina General Assembly has provided for an annual appropriation to the Authority in the amount of \$24,000,000 (the "*State Appropriated Revenues*") to be used to pay debt service or related financing costs and expenses on revenue bonds issued by the Authority to finance the turnpike project known as the Monroe Connector System or to fund reserves in connection therewith and that the State Appropriated Revenues may constitute "revenues" of the Authority for certain purposes within the meaning of the Revenue Bond Act;

WHEREAS, the Authority has issued its \$233,920,000 North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable – Build America Bonds) (the "*Appropriation Series 2010A Bonds*"), and intends to issue its North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds, Series 2011 in the approximate aggregate principal amount of \$232,000,000 secured by the State Appropriated Revenues (the "*Appropriation Series 2011 Bonds*"), under the Revenue Bond Act and a trust agreement dated as of

October 1, 2010, as supplemented (the "*State Appropriation Revenue Bond Trust Agreement*"), payable from and secured by the State Appropriated Revenues;

WHEREAS, the Authority issued the Appropriation Series 2010A Bonds as Build America Bonds under the American Reinvestment and Recovery Act of 2009 (the "*Recovery Act*") and Sections 54AA and 6431 to the Internal Revenue Code of 1986, as amended (the "*Code*"), so that the Authority will receive payments (the "*Interest Subsidy Payments*") directly from the United States Treasury (the "*Treasury Secretary*") in an amount equal to 35% of the interest payable on the Appropriation Series 2010A Bonds;

WHEREAS, in addition to the Appropriation Series 2011 Bonds under the State Appropriation Revenue Bond Trust Agreement, the Authority intends to issue its \$10,000,000 Monroe Connector System Senior Lien Turnpike Revenue Bonds, Series 2011 (the "*Series 2011 Bonds*");

WHEREAS, the Authority deems it advisable to designate and pledge all amounts released from the State Appropriation Revenue Bond Trust Agreement to the Trustee hereunder as Revenues under this Trust Agreement, with such released amounts including, if remaining, all or part of Interest Subsidy Payments with respect to the Appropriation Series 2010A Bonds and a portion of the State Appropriated Revenues to the extent remaining after other uses under the State Appropriation Revenue Bond Trust Agreement;

WHEREAS, the Authority deems it advisable to allow for the issuance of additional bonds secured by Revenues with various possibilities as to priority of payment and security ("*Additional Bonds*" and, together with the Series 2011 Bonds, the "*Bonds*"), and to provide that there may be other indebtedness or obligations of the Authority ("*Additional Secured Indebtedness*") which may be provided a priority of payment and security on parity with or subordinated to the Series 2011 Bonds or with a junior and further subordinated priority and this Trust Agreement contains provisions dealing with Additional Bonds and such other possibilities; provided no other Bonds will have a lien with a priority of payment and security either senior to or on parity with the Series 2011 Bonds unless either (a) all Series 2011 Bonds have ceased to be "outstanding" under this Trust Agreement, or (b) the sole holder of Series 2011 Bonds otherwise consents in writing;

WHEREAS, the Authority may desire to provide for additional improvement projects ("*Additional Projects*") which will be connected to the Initial Project (the Initial Projects, together with all such Additional Projects, the "*Monroe Connector System*" or the "*System*") and this Trust Agreement contains provisions dealing with such Additional Projects;

WHEREAS, in order to provide for the expected full cost of the Initial Project, the Board of Transportation of the State has agreed to provide \$77,000,000 from the State Transportation Improvement Plan (the "*STIP Funds*");

WHEREAS, other costs of the Initial Project are anticipated to be paid with (a) proceeds of State of North Carolina Grant Anticipation Revenue Vehicle Bonds issued pursuant to Section 136-18(12b) of the NCGS (the "*GARVEE Act*") and a Master Trust Indenture dated as of October 1, 2007, between the State and a trustee, as supplemented (such bonds, to the extent identified by the NCDOT as funding costs of the Initial Project, hereinafter the "*Monroe GARVEE Bonds*"), and (b) NCDOT funds, as required by the United States of America, used to pay costs of projects under the GARVEE Act not paid directly by financings thereunder ("*GARVEE Matching Funds*");

WHEREAS, the Board of Transportation of the State has agreed to provide certain contingent guarantees as to the payment of certain operating and maintenance costs of the Monroe Connector System, if necessary, the payment of certain renewal and replacement costs of the Monroe Connector System, if necessary, and the payment of unexpected construction costs of the Initial Project, if necessary, with any such amounts so paid repaid, with interest, to the NCDOT ("*Guarantee Repayments*") and this Trust Agreement contains provisions for such contingent guarantees and repayments and is executed by the Secretary of Transportation of the State to evidence NCDOT's obligations with respect thereto;

WHEREAS, under the Constitution and laws of the State of North Carolina, including the Act and the Revenue Bond Act, the Authority is authorized to enter into this Trust Agreement, to issue Bonds as hereinafter provided and to do or cause to be done all the acts and things herein provided or required to be done as hereinafter covenanted, and NCDOT is authorized to make the contingent guarantees herein;

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of North Carolina, including the Act and the Revenue Bond Act, to happen, exist and be performed precedent to and in the execution and delivery of this Trust Agreement have happened, exist and have been performed as so required to make this Trust Agreement a valid and binding trust agreement securing the Bonds and Additional Secured Indebtedness of the Authority as provided herein in accordance with its terms, with such acts including a resolution of the Board of the Authority adopted on November 2, 2011, approval of the issuance of the Series 2011 Bonds by the North Carolina Local Government Commission on November 8, 2011, and adoption of a bond order by the Board of the Authority pursuant to the Revenue Bond Act on November 14, 2011;

WHEREAS, in the Revenue Bond Act, the State has pledged and agreed with the holders of any revenue bonds issued thereunder that so long as any such bonds are outstanding and unpaid the State will not limit or alter the rights vested in the issuer at the time of issuance of the bonds to establish, maintain, revise, charge, and collect such rates, fees, rentals, tolls, and other charges for the use, services, facilities, and commodities of or furnished by the revenue bond project in connection with which the bonds, or bonds refunded by the bonds, were issued as shall produce revenues at least sufficient with other available funds to meet the expense of maintenance and operation of and renewal and replacements to such project, including reserves therefor, to pay when due the principal, interest, and redemption premiums (if any) of the bonds, and to fulfill the terms of any agreements made with the bondholders, nor will the State in any way impair the rights and remedies of the bondholders until the bonds and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders, are fully paid, met, and discharged; and

WHEREAS, the Trustee has accepted the trusts created by this Trust Agreement and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH that in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, of the issuance of the Series 2011 Bonds as provided herein, and also of the sum of One Dollar in hand paid by the Trustee at or before the execution and delivery of this Trust Agreement, and for other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners, hereinafter defined, thereof, and to secure the payment of all Bonds at any time issued and Outstanding, hereinafter defined, under this Trust Agreement and to further secure payment of Additional Secured Indebtedness of the Authority described herein, and to secure the performance and observance of all the covenants, agreements and conditions, express or implied, therein and herein contained, the Authority has executed and delivered this Trust Agreement, and by this Trust Agreement has, subject to the terms hereof, given, granted, bargained,

aliened, remised, released, conveyed, transferred, assigned, confirmed, set over, and pledged, and does hereby give, grant, bargain, alien, remise, release, convey, transfer, assign, confirm, set over, and pledge unto the Trustee, and its successor or successors in trust, the Trust Estate, as herein defined; and the Secretary of the Department of Transportation of the State has executed this Trust Agreement to evidence the obligations of the NCDOT with respect to certain contingent guarantees contained herein;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successor or successors in trust and to them and their assigns forever:

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the benefit, security and protection of all and singular the present and future Owners of the Bonds issued or to be issued under and secured by this Trust Agreement and the Holders, hereinafter defined, of the Additional Secured Indebtedness of the Authority without preference, priority or distinction as to lien or otherwise, except as may otherwise be provided for herein, of any of the Bonds or Additional Secured Indebtedness over any other Bonds or Additional Secured Indebtedness, by reason of priority in their issue, sale, delivery date or otherwise, all as herein provided;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns, shall well and truly pay, or cause to be paid, or provide for the payment, pursuant to the provisions of this Trust Agreement, of the principal of all Bonds and the Additional Secured Indebtedness and the interest and any redemption premium due or to become due thereon at the times and in the manner mentioned therein and in this Trust Agreement, according to the true intent and meaning hereof and thereof, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof and perform all of its other obligations hereunder, then, upon such performance and payments, this Trust Agreement and the rights hereby granted shall cease, determine and become void, as provided in Article XII hereof; otherwise this Trust Agreement to be and remain in full force and effect; and

THIS TRUST AGREEMENT FURTHER WITNESSETH and it is expressly declared that all Series 2011 Bonds issued and secured hereunder and any Additional Bonds or Additional Secured Indebtedness are to be issued, authenticated, delivered and dealt with, and all said property hereby given, granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set-over and pledged is to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Authority has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, Holders, from time to time, or payees of Series 2011 Bonds, Additional Bonds and Additional Secured Indebtedness, as follows:

ARTICLE I DEFINITIONS; FINDINGS AND DETERMINATIONS

SECTION 101. *Meaning of Words and Terms.* In addition to words and terms elsewhere defined in this Trust Agreement, the following words and terms as used in this Trust Agreement shall have the following meanings, unless some other meaning is plainly intended:

“Act” means Article 6H of Chapter 136, as amended, of the NCGS.

“Additional Bonds” means revenue bonds issued by the Authority in compliance with Section 211 or a Supplemental Trust Agreement.

“Additional Project” means any addition, acquisition, improvement, betterment, extension or equipping of or relating to the Initial Project as authorized by the Act, or any previous Additional Project that has become part of the Monroe Connector System and located within the geographic boundaries of Mecklenburg and Union Counties of the State; provided, however, that the term “Additional Project” shall not include any Non-System Project unless the Authority specifically identifies such Non-System Project as an Additional Project upon compliance with the provisions of Section 715.

“Additional Secured Indebtedness” means Senior Lien Parity Debt, Subordinate Lien Parity Debt and Junior Indebtedness.

“Annual Budget” means the Authority’s budget for the Monroe Connector System for a Fiscal Year adopted pursuant to the Authority’s bylaws, rules and regulations as in effect from time to time.

“Adjusted Long-Term Debt Service Requirement” has the same meaning as “Long-Term Debt Service Requirement” except that in such calculations interest with respect to any Build America Bond shall not be taken into account to the extent it is expected to be paid from Interest Subsidy Payments.

“Adjusted Revenues” means Revenues less Interest Subsidy Payments.

“Annual Budget” means the Authority’s budget for the Monroe Connector System for a Fiscal Year adopted pursuant to the Authority’s bylaws, rules and regulations as in effect from time to time.

“Appropriation Build America Bonds” means the Appropriation Series 2010A Bonds.

“Appropriation Series 2010A Bonds” means the \$233,920,000 North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable – Build America Bonds).

“Appropriation Series 2011 Bonds” means the North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds, Series 2011 to be issued in the approximate aggregate principal amount of \$232,000,000 and secured by the State Appropriated Revenues.

“Authority” means the North Carolina Turnpike Authority created by the Act and transferred to the NCDOT, and any successor thereto.

“Authority Attorney” means the attorney or law firm designated by the Authority from time to time to perform the duties of counsel to the Authority under this Trust Agreement, including the Attorney General of the State or any assistant or deputy Attorney General of the State.

“Authority Board” or *“Board of the Authority”* means the Board of Directors of the Authority, as the governing body thereof.

“Authority Secretary” means the person appointed or employed by the Authority to perform the duties imposed on the Secretary of the Authority by this Trust Agreement, including the Secretary of the Authority Board or any assistant or deputy Secretary of the Authority Board.

“Authorized Officer” means the Executive Director, the Chief Financial Officer and any other person authorized by resolution of the Authority Board or the Secretary of Transportation to perform the duties imposed on an Authorized Officer by this Trust Agreement whose name and specimen signature is filed pursuant to an Officer’s Certificate or a certificate of the Secretary of Transportation with the Trustee for such purpose.

“Balloon Long-Term Indebtedness” means fixed or variable rate Long-Term Indebtedness 25% or more of the principal payments of which are due in a single twelve-month period which portion of the principal is not required by the documents pursuant to which such Indebtedness is incurred to be amortized by redemption or prepayment prior to the expiration of such period.

“Bankruptcy Related Event” means (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Authority or any of its debts, or of a substantial part of the assets of the Authority, under any Insolvency Law, or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for the Authority for a substantial part of the assets of the Authority, and, in any case referred to in the foregoing subclauses (i) and (ii), such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or (b) the Authority shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for the Authority or for a substantial part of the assets of the Authority, or (ii) generally not be paying its debts with respect to the Monroe Connector System as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due, or (iii) make a general assignment for the benefit of creditors, or (iv) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, or (v) commence a voluntary proceeding under any Insolvency Law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief under any Insolvency Law, or (vi) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing subclauses (i) through (v), inclusive, of this clause (b), or (vii) take any action for the purpose of effecting any of the foregoing; or (c) (i) all or a substantial part of the Monroe Connector System or the Trust Estate shall be sold or otherwise disposed of in a public or private sale or disposition pursuant to a foreclosure of any liens or security interest thereon securing the Senior Lien Indebtedness, or (ii) all or a substantial part of the Monroe Connector System or the Trust Estate shall be transferred pursuant to a sale or disposition in lieu of foreclosure.

“Bond” or *“Bonds”* means, collectively, the Series 2011 Bonds and any Additional Bonds.

“Bond Counsel” means Hunton & Williams LLP or another firm nationally recognized on the subject of municipal bonds.

“Bond Insurance Policy” means a municipal bond insurance policy or similar arrangement permitted by the Act and the Revenue Bond Act and obtained or established in connection with the incurrence of any Bonds or Additional Secured Indebtedness.

“Bond Insurer” means the Person providing a Bond Insurance Policy.

“Bond Order” means the Bond Order adopted by the Authority on November 14, 2011, for the Series 2011 Bonds pursuant to the Revenue Bond Act.

“Bond Registrar” means, with respect to any Series of Bonds, the Bond Registrar at the time serving as such under this Trust Agreement or the Supplemental Trust Agreement relating to such Series, whether the original or a successor Bond Registrar.

“Bond Year” means, for the Series 2011 Bonds, the 12 months ending on each July 1, or if such July 1 is not a Business Day, the next succeeding Business Day.

“Build America Bonds” means any Additional Bonds so designated in the related Supplemental Trust Agreement.

“Business Day” means a day on which the Trustee, the applicable Bond Registrar and the New York Stock Exchange are open for the purpose of conducting their businesses.

“Capital Appreciation Bonds” means Bonds the interest on which is compounded at the rates and on the dates set forth in this Trust Agreement or a Supplemental Trust Agreement for such Bonds and is payable upon redemption or on the maturity date of such Bonds; provided, however, that nothing in this Trust Agreement shall prohibit the Authority from designating in the appropriate Supplemental Trust Agreement any such Additional Bonds by a name other than Capital Appreciation Bonds.

“Capital Improvements Budget” for any Fiscal Year means the budget for capital improvements adopted by the Authority in accordance with Section 705.

“Chief Financial Officer” means the person appointed or employed by the Authority to perform the duties imposed on the Chief Financial Officer by this Trust Agreement.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable regulations promulgated thereunder.

“Completion Date” means the date of acquisition or completion of the Initial Project and any Additional Project, or of any segment of the foregoing, as the case may be, as certified by the Authority pursuant to Section 406.

“Completion Indebtedness” means any Long-Term Indebtedness incurred for the purpose of financing the completion of the Initial Project or any Additional Project for which Long-Term Indebtedness has theretofore been incurred in accordance with the provisions hereof, to the extent necessary to complete the Initial Project or such Additional Project, in the manner and scope contemplated at the time that such Long-Term Indebtedness theretofore incurred was originally incurred, and, to the extent the same shall be applicable, in accordance with the general plans and specifications for the Initial Project or such Additional Project, as originally prepared with only such changes as have been made in conformance with the documents pursuant to which such Long-Term Indebtedness theretofore incurred was originally incurred; provided, however, that such Long-Term Indebtedness shall not exceed 5% of the aggregate principal amount of the Long-Term Indebtedness originally incurred by the Authority to finance the costs of the Initial Project or any Additional Project.

“Cost,” as applied to the Initial Project or any Additional Project, means, without intending thereby to limit or restrict any proper definition of such word under the provisions of the Act or this Trust Agreement, all items of cost which are set forth in Section 403.

“Credit Facility” means a line of credit, letter of credit, standby bond purchase agreement or similar liquidity or credit facility permitted by the Act (but excluding a Bond Insurance Policy) and established or obtained in connection with the incurrence of any Indebtedness.

“Credit Provider” means the Person providing a Credit Facility. If and to the extent permitted by law, the Authority may be a Credit Provider for the sole purpose of providing liquidity support for Indebtedness.

“Current Interest Bonds” means Bonds the interest on which is payable on the Interest Payment Dates provided therefor herein or in any Supplemental Trust Agreement, including the Series 2011 Bonds.

“Default” means any Event of Default and any event that, after notice or lapse of time or both, would become an Event of Default.

“Defaulted Interest” means Defaulted Interest as defined in Section 202.

“Defeasance Obligations” means noncallable (a) Government Obligations and (b) Defeased Municipal Obligations.

“Defeased Municipal Obligations” means obligations of state or local government municipal bond issuers which are rated by S&P, Fitch or Moody’s, respectively, as having a rating in the same rating category as Governmental Obligations, provision for the payment of the principal of, premium, if any, and interest on which shall have been made by deposit with a trustee or escrow agent of Government Obligations, the maturing principal of and interest on which, when due and payable, shall provide sufficient money to pay the principal of, premium, if any, and interest on such obligations of state or local government municipal bond issuers. References in this definition to state or local government bond issuers shall mean the State and North Carolina local government bond issuers, and, to the extent permitted by law, states other than the State and local government bond issuers other than North Carolina local government bond issuers.

“Depository” means the State Treasurer of the State and one or more banks or trust companies or other institutions, including the Trustee, duly authorized by law to engage in the banking business and designated by the Authority as a depository of moneys under this Trust Agreement.

“Derivative Agreement” means an interest rate swap, cap, collar, floor, forward, option, put, call or other agreement, arrangement or security however denominated, entered into in order to hedge interest rate fluctuations on all or a portion of any Indebtedness or to provide debt management by changing payments to be made by the Authority with respect to all or a portion of any Indebtedness.

“Derivative Agreement Additional Payments” means payments required to be paid by the Authority under a Derivative Agreement other than Derivative Agreement Regularly Scheduled Payments, including termination payments required to be paid in connection with the termination of a Derivative Agreement, whether voluntarily or upon the occurrence of an event of default, termination event or similar event thereunder.

“Derivative Agreement Regularly Scheduled Payments” means regularly scheduled payments required to be paid by the Authority under a Derivative Agreement that are based upon a fixed or variable imputed rate on a notional amount set forth in the Derivative Agreement and which are intended by the Authority to correspond to interest payments on the underlying Derivative Indebtedness.

“Derivative Indebtedness” means the portion of any Indebtedness meeting the requirements set forth in clauses (a) and (b) below:

(a) in connection with such Indebtedness, the Authority shall have entered into a Derivative Agreement in respect of all or a portion of such Indebtedness, and

(b) if such Indebtedness bears interest at a variable rate, such Derivative Agreement provides that during the Derivative Period, the Authority shall pay to the provider of the Derivative Agreement a fixed rate (the “*Synthetic Fixed Rate*”) and the provider of the Derivative Agreement shall pay (i) to the Authority a variable rate on a notional amount equal to all or a portion of the Outstanding principal amount of such Indebtedness, or (ii) if such Indebtedness bears interest at a fixed rate, such Derivative Agreement provides that during the Derivative Period, the Authority shall pay to the provider of the Derivative Agreement a variable rate (the “*Synthetic Variable Rate*”) and the provider of the Derivative Agreement shall pay to the Authority a fixed rate on a notional amount equal to all or a portion of the Outstanding principal amount of such Indebtedness.

“*Derivative Period*” means the period during which a Derivative Agreement is in effect.

“*Designated Investment Banker*” means one of the Reference Treasury Dealers appointed by the Authority.

“*Eminent Domain*” means the eminent domain or condemnation power by which all or any part of the Monroe Connector System may be taken for another public use or any agreement that is reached in lieu of proceedings to exercise such power.

“*Event of Default*” means each of those events of default set forth in Section 802.

“*Fiscal Year*” means the period commencing on the first day of July of any year and ending on the last day of June of the following year.

“*Fitch*” means Fitch Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Fitch*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

“*GARVEE Act*” means Section 136-18(23b) of the NCGS.

“*GARVEE Matching Funds*” means the amounts paid by NCDOT for costs of the Initial Project as required by USDOT for GARVEE Act funding and not otherwise financed.

“*General Engineering Consultant*” means any independent engineer or independent firm of engineers prequalified to do work in the State, in accordance with the established guidelines of the NCDOT, who is retained by the Authority to assist it in assessing the status of maintenance and upkeep of the Monroe Connector System, the costs associated therewith and the expected cost of unusual or extraordinary maintenance, repairs, renewals, or replacements or capital improvements related to the Monroe Connector System and advising the Authority regarding the level of reserves that should be maintained to assure that funds will be available when needed for that purpose.

“*General Reserve Fund*” means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System General Reserve Fund by Section 501.

“*Government Obligations*” means direct obligations of, or obligations the principal of and the interest on which are fully and unconditionally guaranteed by, the United States of America in either certificated or book-entry form, including (a) stripped Government Obligations stripped by the United States Treasury itself and (b) interest only portions of obligations issued by the Resolution Funding Corporation.

“Grant Anticipation Notes” means any grant anticipation notes issued by the Authority in compliance with the provisions of Section 215.

“Guarantee Repayments” means the obligated repayment by the Authority to the NCDOT from Revenues of the amounts paid into this Trust Agreement pursuant to Sections 402, 510 and 511, with interest thereon at the rate provided for in Section 136-176(b) of the NCGS, as described in Section 515.

“Holder” means the holder or owner of Bonds or other indebtedness or obligations secured by a lien on Revenues.

“Indebtedness” means all obligations incurred or assumed by the Authority in connection with the ownership or operation of the Monroe Connector System:

(a) for payments of principal and interest with respect to borrowed money, including any obligation to repay a Credit Provider for moneys drawn to pay and retire or purchase Indebtedness and including the continuing obligation to pay principal and interest with respect to any Bonds pursuant to the subrogation provisions of a Bond Insurance Policy following the payment to the Owner of such Bonds of the insured principal and interest from amounts paid by the Bond Insurer under such Bond Insurance Policy; and

(b) for payments under leases which are required to be capitalized in accordance with generally accepted accounting principles and under installment or lease purchase or conditional sale contracts;

provided, however, that (i) Indebtedness shall include only such obligations as are secured by Revenues, (ii) Indebtedness shall not include any State Appropriation Revenue Bonds, and (iii) any obligation to pay a Credit Provider for moneys drawn to purchase, but not pay and retire, Indebtedness shall constitute Indebtedness only to the extent such payments are in excess of any scheduled payments of principal and interest required to be made to such Credit Provider as an Owner or Holder of such Indebtedness.

“Initial Project” means the land, easements, rights of way, capital improvements and equipment constituting a turnpike project of the Authority known as the “Monroe Connector System” and generally consisting of an approximately 19.7 mile roadway extending from US Highway 74 at Interstate 85 in eastern Mecklenburg County, North Carolina, near the Town of Matthews to US Highway 74 near the Town of Marshville in Union County, North Carolina, all as described in the “Project Description” section of the Engineering Report of HNTB North Carolina.

“Initial 2011 Purchaser” means Banc of America Public Capital Corp and its successors and assigns while holder of the Series 2011 Bonds.

“Insolvency Laws” means the United States Bankruptcy Code, 11 U.S.C. § 101 et seq., as from time to time amended and in effect, and any state bankruptcy, insolvency, receivership or similar law now or hereafter in effect.

“Insurance and Condemnation Award Fund” means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System Insurance and Condemnation Award Fund by Section 501.

“Insurance Consultant” means any Person or firm (1) having all licenses and permits required by State law for dealing with the insurance requirements of road and highway systems similar to the Monroe Connector System and in performing the duties to be imposed upon the Insurance Consultant by this

Trust Agreement, including, without limitation, the Risk Manager for the State Department of Insurance, and (2) if there are any established NCDOT guidelines for such consultants, prequalified to so act under such guidelines.

“Interest Account” means the respective accounts in the Senior Lien Debt Service Fund and the Subordinate Lien Debt Service Fund created and so designated by Section 501.

“Interest Payment Date” means, with respect to the Series 2011 Bonds, each January 1 and July 1, beginning July 1, 2012, with respect to any Series of Additional Bonds, each of the interest payment dates provided for in the Supplemental Trust Agreement relating to such Series, and with respect to Additional Secured Indebtedness, each of the interest payment dates provided for in the agreement relating to such Additional Secured Indebtedness.

“Interest Subsidy Payment” means, with respect to any Build America Bond, payments provided directly from the Treasury Secretary in an amount equal to 35% (or a lower percentage if pursuant to a change in law) of the corresponding interest payable on the related Build America Bond.

“Investment Obligations” means, to the extent permitted by law, any investment authorized by Section 159-30 of the General Statutes of North Carolina, as such statute may be amended from time to time, or any successor statute.

“Junior Indebtedness” means Indebtedness or obligations of the Authority secured by Revenues on a priority after the Senior Lien Indebtedness, including Series 2011 Bonds, and Subordinate Lien Indebtedness. No Junior Indebtedness may be created except in compliance with Section 718. Junior Indebtedness is not secured by the Senior Lien Reserve Fund or the Subordinate Lien Reserve Fund.

“Local Government Commission” means the Local Government Commission, a division of the Department of the State Treasurer of the State.

“Long-Term Debt Service Requirement” means, for any period of twelve (12) consecutive calendar months for which such determination is made, the aggregate of the required deposits to be made in respect of Principal and interest (whether or not separately stated) on Outstanding Long-Term Indebtedness during such period, also taking into account:

(a) with respect to Balloon Long-Term Indebtedness, the amount of principal which would be payable in such period if such principal were amortized from the date of incurrence thereof over a period of twenty (20) years (or the actual number of years over which such Balloon Long-Term Indebtedness is being amortized, if greater than twenty (20) years, but in no event greater than forty (40) years) on a level debt service basis at an interest rate equal to the current market rate for an obligation with such assumed amortization as set forth in an opinion of a financial advisor or an investment banking institution knowledgeable in financing of Monroe Connector System delivered to the Trustee as the interest rate at which the Authority could reasonably expect to borrow the same by incurring Indebtedness with the same term as assumed above; provided, however, that if the date of calculation is within twelve (12) calendar months of the actual final maturity date of such Indebtedness, the full amount of principal payable at maturity shall be included in such calculation, unless a binding commitment by an institutional lender or municipal underwriting firm exists, which binding commitment may contain typical and customary conditions, to provide financing to refinance such Indebtedness and such commitment provides for the refinancing of such Indebtedness on terms which would, if such commitment was implemented, constitute Long-Term Indebtedness, then in such case the payment terms contained

in such commitment shall be utilized for purposes of calculating the Long-Term Debt Service Requirement with respect to such Balloon Long-Term Indebtedness;

(b) with respect to Long-Term Indebtedness which is Variable Rate Indebtedness, the interest on such Indebtedness shall be calculated at the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent twelve (12) month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve (12) month period), except that with respect to new Variable Rate Indebtedness proposed to be incurred, the interest rate for such Variable Rate Indebtedness shall be equal to the running average of the SIFMA Municipal Index for the most recent 52 weeks immediately preceding the date of calculation for which such information is available;

(c) with respect to any Credit Facility, (i) to the extent that such Credit Facility has not been used or drawn upon, the principal and interest relating to such Credit Facility shall not be included in the Long-Term Debt Service Requirement and (ii) to the extent that the Authority has reimbursed a Credit Provider for a drawing on a Credit Facility to pay principal or interest on Indebtedness that is already included in the Long-Term Debt Service Requirement, only the portion of the reimbursement payment that is in excess of the payment of principal and interest paid from the drawing shall be included in the Long-Term Debt Service Requirement; and

(d) with respect to Derivative Indebtedness, during any Derivative Period and for so long as the provider of the Derivative Agreement has not defaulted on its payment obligations under the Derivative Agreement, the amount of interest payable on such Derivative Indebtedness shall be calculated as follows:

(i) for any historical computation of the Long-Term Debt Service Requirement:

(A) if such Derivative Indebtedness bears interest at a variable rate, the amount derived by adding (1) the amount of interest paid by the Authority on such Derivative Indebtedness at such variable rate (calculated as provided in subparagraph (b) above) and (2) the amount paid by the Authority to the provider of the Derivative Agreement relating to such Derivative Indebtedness at the Synthetic Fixed Rate, and subtracting (3) the amount received by the Authority from the provider of such Derivative Agreement at the variable rate specified in the Derivative Agreement (calculated as provided in subparagraph (b) above); and

(B) if such Derivative Indebtedness bears interest at a fixed rate, the amount derived by adding (1) the amount of interest paid by the Authority on such Derivative Indebtedness at such fixed rate and (2) the amount paid by the Authority to the provider of the Derivative Agreement relating to such Derivative Indebtedness at the Synthetic Variable Rate (calculated as provided in subparagraph (b) above) and subtracting (3) the amount received by the Authority from the provider of such Derivative Agreement at the fixed rate specified in the Derivative Agreement; and

(ii) for any projected computation of the Long-Term Debt Service Requirement:

(A) if such Derivative Indebtedness bears interest at a variable rate, at the Synthetic Fixed Rate; and

(B) if such Derivative Indebtedness bears interest at a fixed rate, at the Synthetic Variable Rate (calculated as provided in subparagraph (b) above);

provided, however, that notwithstanding the foregoing, (a) accrued and capitalized interest shall be excluded from the determination of Long-Term Debt Service Requirement to the extent the same is provided from the proceeds of the Long-Term Indebtedness or otherwise provided so as to be available for deposit into an account for capitalized interest or similar account not later than the date of delivery of and payment for such Long-Term Indebtedness; (b) the aggregate amount of payments made with respect principal or interest on Outstanding Long-Term Indebtedness shall not include principal or interest payable from investment earnings on the Senior Lien Debt Service Fund, the Subordinate Lien Debt Service Fund, the Senior Lien Reserve Fund, the Subordinate Lien Reserve Fund or any other fund or account established by the Authority that are required to be used, or required to be available to be used, to pay the principal of or interest on Indebtedness; (c) the aggregate of the payments to be made with respect to principal and interest on Outstanding Long-Term Indebtedness shall not include principal or interest payable from Qualified Escrow Funds; (d) in calculating Long-Term Debt Service Requirements, no investment earnings required to be considered by (b) hereof shall be taken into account for periods during which the investments producing such earnings have not been entered into, and (e) in calculating Adjusted Long-Term Debt Service Requirements for Section 717, invested earnings taken into account under (b) hereof shall be calculated using the lower of (i) the current interest rate in effect for such investments, or (ii) the average interest rates of such investments during any consecutive 12 month period during the 15 calendar months immediately prior to the date of calculation.

“Long-Term Indebtedness” means all Indebtedness for any of the following:

- (a) money borrowed for an original term, or renewable at the option of the Authority for a period from the date originally incurred, of longer than one year;
- (b) leases which are required to be capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the Authority for a period from the date originally incurred, of longer than one year; and
- (c) installment purchase, installment financing or conditional sale contracts having an original term in excess of one year.

Long-Term Indebtedness shall include Short-Term Indebtedness if a Credit Facility exists to provide financing to retire such Short-Term Indebtedness and such Credit Facility provides for the repayment of principal on terms which would, if such commitment were implemented, constitute Long-Term Indebtedness. Long-Term Indebtedness shall also include the current portion of Long-Term Indebtedness. Long-Term Indebtedness shall only include the obligations described in (a), (b) and (c) to the extent that such obligations are Indebtedness, as herein defined.

“Maximum Long-Term Debt Service Requirement” means the highest Long-Term Debt Service Requirement for the present and any succeeding Fiscal Year.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *“Moody’s”* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

“Monroe Connector System” or *“System”* means, collectively, Initial Project and any Additional Projects.

“Monroe GARVEE Bonds” means State of North Carolina Grant Anticipation Revenue Vehicle Bonds issued pursuant to the GARVEE Act to the extent such bonds are specifically identified by NCDOT as funding costs of the Initial Project and any Additional Project.

“Monroe Traffic and Revenue Study” means the Final Traffic and Revenue Study with respect to the Monroe Connector System, dated October 22, 2010, and as supplemented July 26, 2011, and as it may be further amended or supplemented.

“NCDOT” means the North Carolina Department of Transportation, a department of the State, and any successor to its functions.

“NCGS” means the North Carolina General Statutes as compiled pursuant to the authority of the General Assembly of the State. Reference to any section, article or chapter of the NCGS includes reference to any amended or successor provision.

“Net Eminent Domain Proceeds” means the gross proceeds paid to the Authority as a final award for the taking by Eminent Domain of any of the Monroe Connector System less payment of attorneys’ and other fees and expenses properly incurred in the collection of such gross proceeds.

“Net Insurance Proceeds” means the gross proceeds paid to the Authority as a result of any casualty insurance policy with respect to the Monroe Connector System or as a result of any liability insurance policy less payment of attorneys’ and other fees and expenses properly incurred in the collection of such gross proceeds.

“Non-System Project” means any additions, acquisitions, improvements, betterments, land, buildings, structures or other facilities, including equipment, acquired or constructed, and the preparation and grading of land, relating to the Monroe Connector System but which are specifically designated by resolution of the Authority Board as not being part of the Monroe Connector System and are not otherwise thereafter designated as an Additional Project pursuant to Section 715.

“Officer’s Certificate” means a certificate signed by an Authorized Officer.

“Operating Expenses” means the Authority’s current expenses for the operation, maintenance and repair of the Monroe Connector System as determined in accordance with generally accepted accounting principles, except as modified by this definition, including, without limiting the generality of the foregoing:

- (a) all ordinary and usual expenses of operation, toll collection, maintenance and repair, which may include expenses not annually recurring;
- (b) direct administrative expenses;
- (c) salaries, benefits and other compensation;
- (d) operating lease payments;
- (e) payments to any pension or retirement plan or plans properly chargeable to the Authority;

- (f) insurance premiums and expenses;
- (g) engineering and architectural expenses relating to the operation, maintenance or repair of the Monroe Connector System;
- (h) fees and expenses of the Trustee or its counsel, any Bond Registrar, Depositary, Traffic Consultant, tender agent, paying agent or Bond Insurer, fees and expenses payable to the USDOT legal expenses, Credit Facility fees, remarketing fees and fees of consultants or professionals;
- (i) a proportional or otherwise fairly determined share of any toll collection system covering more than just the Monroe Connector System; and
- (j) any other similar-type operating expenses required to be paid by the Authority under this Trust Agreement or by law;

but Operating Expenses shall not include:

- (a) any reserves for extraordinary replacements or repairs;
- (b) any allowance for depreciation or any amortization of financing expense;
- (c) any deposits to any fund, account and subaccount created under this Trust Agreement or any Supplemental Trust Agreement, or a comparable agreement for Additional Secured Indebtedness and payments of principal, premium, if any, and interest on Indebtedness from such funds, accounts and subaccounts;
- (d) any debt service payments or reserves or deposits for debt service payments in respect of Indebtedness or any lease-purchase or installment financing contracts or any other indebtedness of the Authority not secured by a pledge of and lien on the Revenues; or
- (e) any payments made under any Derivative Agreement, whether regularly scheduled payments, termination payments or other payments.

“Operating Reserve Fund” means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System Operating Reserve Fund by Section 501.

“Operating Reserve Fund Requirement” means, beginning four (4) months after completion of the Initial Project, one-fourth (1/4) of the total budgeted Operating Expenses of the Monroe Connector System for the current Fiscal Year, as set forth in the Annual Budget; provided if the Annual Budget for the next succeeding Fiscal Year has been adopted by the Authority and approved by the Secretary of Transportation, the Operating Reserve Fund Requirement shall be the greater of one-fourth (1/4) of the total budgeted Operating Expenses of the Monroe Connector System for the succeeding Fiscal Year or one-fourth (1/4) of the total budgeted Operating Expenses of the Monroe Connector System for the current Fiscal Year.

“Operations and Maintenance Expense Fund” means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System Operations and Maintenance Expense Fund by Section 501.

“Opinion of Bond Counsel” means an opinion of Bond Counsel with respect to the matter in question and including, unless the Trustee or the Authority otherwise requests, an opinion to the effect the actions to be take will have no adverse effect on the federal income tax status of any Bonds the interest on which is intended to exempt inclusion in gross income for federal income tax purposes and will have no adverse effect on the status of any Bonds intended to be Build America Bonds.

“Outstanding” when used with reference to Bonds means, as of a particular date, all Bonds theretofore authenticated and delivered under this Trust Agreement or a Supplemental Trust Agreement, except:

- (a) Bonds theretofore canceled by the Bond Registrar or delivered to the Bond Registrar for cancellation;
- (b) Bonds which have been redeemed or for which money is on hand and the redemption date has passed pursuant to Section 305;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Trust Agreement;
- (d) Bonds deemed to have been paid in accordance with Article XII; and
- (e) Bonds constituting Put Indebtedness deemed to have been purchased in accordance with the provisions of the applicable Supplemental Trust Agreement in lieu of which other Bonds have been delivered under such Supplemental Trust Agreement.

When used with reference to Indebtedness other than Bonds, *“Outstanding”* means, as of a particular date, all such Indebtedness except:

- (a) Indebtedness theretofore canceled by the Authority;
- (b) Indebtedness for the payment or redemption of which money, Defeasance Obligations, or a combination of both, in an amount sufficient to pay on the date when such Indebtedness is to be paid or redeemed the principal amount of or Redemption Price of, and the interest accruing to such date on, the Indebtedness to be paid or redeemed, has been deposited with an escrow agent in trust for the Holders of such Indebtedness; Defeasance Obligations shall be deemed to be sufficient to pay or redeem Indebtedness on a specified date if the principal and the interest on such Defeasance Obligations, when due, together with any money left uninvested, will be sufficient to pay on such date the principal amount of or Redemption Price of, and the interest accruing on, such Indebtedness to such date;
- (c) Indebtedness in exchange for or in lieu of which other Indebtedness has been delivered under the documentation securing such Indebtedness;
- (d) Indebtedness deemed to have been paid in accordance with the defeasance or like provisions of the agreement providing for the issuance of the Indebtedness; and
- (e) Indebtedness constituting Put Indebtedness deemed to have been purchased in accordance with the provisions of the applicable agreement in lieu of which other Indebtedness has been incurred under the agreement.

“Owner” means a Person in whose name a Bond is registered in the registration books provided for in Section 205.

“Parity Debt” means, collectively, the Senior Lien Parity Debt, including the Series 2011 Bonds, and Subordinate Lien Parity Debt.

“Parity Debt Resolution” means the resolution and any other documentation adopted or executed and delivered by the Authority providing for the incurrence of Parity Debt. If any Senior Lien Indebtedness is to be the subject of a Credit Facility providing for repayments for draws under the Credit Facility on a parity basis with such Senior Lien Indebtedness, then the term Parity Debt Resolution shall include any reimbursement agreement or similar repayment agreement executed and delivered by the Authority in connection with the provision of a Credit Facility for such Senior Lien Indebtedness. If any Subordinate Lien Indebtedness is to be the subject of a Credit Facility providing for repayments for draws under the Credit Facility on a parity basis with such Subordinate Lien Indebtedness, then the term Parity Debt Resolution shall include any reimbursement agreement or similar repayment agreement executed and delivered by the Authority in connection with the provision of a Credit Facility for such Subordinate Lien Indebtedness.

“Permitted Encumbrances” means in addition to any charge created or permitted by this Trust Agreement upon the Monroe Connector System or any part thereof or on the Revenues:

(a) liens for taxes or other governmental charges or levies not delinquent or that are being contested in good faith by the Authority;

(b) (i) covenants, easements, encumbrances, defects of title, reservations, restrictions and conditions existing at the time of delivery of the Series 2011 Bonds and (ii) defects, irregularities, encumbrances, easements, including easements for roads and public utilities and similar easements, rights of way, mineral conveyances, mineral reservations, and clouds on title, none of which materially impairs the use of the property affected thereby for its intended purposes;

(c) mechanics’, workers’, repairmen’s, architects’, engineers’, surveyors’, or carriers’ liens or other similar liens provided that the same shall be discharged in the ordinary course of business and without undue delay or the validity of the same shall be contested in good faith with any pending execution thereof appropriately stayed;

(d) other liens, charges and encumbrances that, in the written opinion of the Authority Attorney, a copy of which is filed with the Trustee, do not prevent or materially impair the use of the Monroe Connector System (the Authority Attorney may rely upon a certificate of any engineer or any architect as to whether such liens, charges and encumbrances prevent or materially impair the use of the Monroe Connector System);

(e) liens on any Non-System Projects;

(f) encumbrances on property, plant and equipment comprising a part of the Monroe Connector System to the extent permitted by Section 711;

(g) the pledge of State Appropriated Revenues under the State Appropriation Revenue Bond Trust Agreement to secure the State Appropriation Revenue Bonds; and

(h) any contracts, leases or other agreements to the extent permitted by Section 714.

“Person” includes corporations, firms, associations, partnerships, joint ventures, joint stock companies, trusts, unincorporated organizations, and public bodies, as well as natural persons.

“Predecessor Bonds” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond; and, for purposes of this definition, any Bond authenticated and delivered under Section 213 in lieu of a lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

“Principal Account” means the respective accounts in the Senior Lien Debt Service Fund and the Subordinate Lien Debt Service Fund created and so designated by Section 501.

“Principal Payment Date” means any date established by this Trust Agreement or any Supplemental Trust Agreement, or comparable agreement for Additional Secured Indebtedness for the payment of principal of Bonds or such Additional Secured Indebtedness, whether upon redemption, at maturity or pursuant to an amortization requirement or otherwise. A Principal Payment Date may have interest payable thereon, either since it is also an Interest Payment Date or because interest is due on such date upon the payment of principal, as in the case of Capital Appreciation Bonds.

“Project Fund” means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System Project Fund by Section 401.

“Put Indebtedness” means fixed or variable rate Long-Term Indebtedness 25% or more of the principal of which may, at the option of the Owner or Holder thereof, be tendered to the Authority, the Trustee, a Depositary or a paying agent or other fiduciary, or an agent of any of the foregoing, for payment or purchase at one time.

“Qualified Escrow Funds” means amounts deposited in a segregated escrow fund or other similar fund or account in connection with the issuance of Long-Term Indebtedness which fund or account is required by the documents establishing such fund or account to be applied toward the Authority’s payment obligations with respect to principal or interest on (a) the Long-Term Indebtedness which is incurred under the documents establishing such fund or account or (b) Long-Term Indebtedness which is incurred prior to the establishment of such fund or account.

“Recovery Act” means the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (enacted February 17, 2009).

“Redemption Account” means the respective accounts in the Senior Lien Debt Service Fund and the Subordinate Lien Debt Service Fund created and so designated by Section 50 I.

“Redemption Price” means, with respect to any Indebtedness or portion thereof, the principal amount of such Indebtedness or portion called for redemption plus the applicable premium, if any, payable upon redemption thereof.

“Regular Record Date” means, with respect to any Series of Bonds, the regular record date, if any, provided for this Trust Agreement or in the Supplemental Trust Agreement relating to such Series.

“Renewal and Replacement Fund” means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System Renewal and Replacement Fund by Section 501.

“Renewal and Replacement Fund Requirement” means, beginning four (4) months after completion of the Initial Project, one-fourth (1/4) of the total budgeted renewal and replacement costs for

the Monroe Connector System for the current Fiscal Year, as set forth in the Annual Budget; provided if the Annual Budget for the next succeeding Fiscal Year has been adopted by the Authority and approved by the Secretary of Transportation, the Renewal and Replacement Fund Requirement shall be the greater of one-fourth (1/4) of the total budgeted renewal and replacement costs for the Monroe Connector System for the succeeding Fiscal Year or one-fourth (1/4) of the total budgeted renewal and replacement costs for the Monroe Connector System for the current Fiscal Year.

“Reserve Alternative Instrument” means an unconditional insurance policy or surety bond or irrevocable letter of credit or guaranty deposited in the Senior Lien Reserve Fund, the Subordinate Lien Reserve Fund or a separate reserve account created solely for a Series of Bonds as provided in a Supplemental Trust Agreement in lieu of or in partial substitution for the deposit of cash and Investment Obligations in satisfaction of all or a portion of the Senior Lien Reserve Requirement, the Subordinate Lien Reserve Requirement or a comparable requirement under a Supplemental Trust Agreement. The Reserve Alternative Instrument shall be payable (upon the giving of notice as required thereunder) to remedy any deficiency in the appropriate subaccounts in the Interest Account, the Principal Account and the Sinking Fund Account of the Senior Lien Debt Service Fund or the Subordinate Lien Debt Service Fund, as the case may be, in order to provide for the timely payment of interest and principal (whether at maturity or pursuant to Sinking Fund Requirements therefor). Except as may be provided in a Supplemental Trust Agreement, the provider of a Reserve Alternative Instrument shall be (a) an insurer that has been assigned either (A) one of the two highest policyholder ratings accorded insurers by A. M. Best & Co. or any comparable service or (B) for bonds insured by the provider of the Reserve Alternative Instrument, a rating by Fitch, Moody’s or S&P in one of the two highest rating categories (without regard to gradations within such categories) or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have been assigned a rating by either Fitch, Moody’s or S&P in one of the two highest rating categories (without regard to gradations within such categories).”

“Reserve Subordinate Lien Bonds” means Subordinate Lien Bonds issued with a claim on amounts in the Subordinate Lien Reserve Fund.

“Revenue Bond Act” means Article 5 of Chapter 159, as amended, of the NCGS.

“Revenue Bond Anticipation Notes” means any revenue bond anticipation notes issued by the Authority in compliance with the provisions of Section 214.

“Revenue Fund” means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System Revenue Fund by Section 501.

“Revenues” means revenues of the Monroe Connector System, as determined in accordance with generally accepted accounting principles; provided, however, that revenues shall include, without limiting the generality of the foregoing:

(a) all toll revenues, payments, proceeds, fees, charges, rents and all other income derived by or for the Authority from the ownership and operation of the Monroe Connector System, and all other income derived by the Authority from the operation or ownership of the Monroe Connector System, and all rights to receive the same, whether in the form of accounts receivable, contract rights or other rights, and the proceeds of such rights whether now owned or held or hereafter coming into existence;

(b) Interest Subsidy Payments;

(c) proceeds of use and occupancy or business interruption insurance and amounts received by the Authority from any contractor as liquidated damages for failures of such contractor to complete its contractual commitment in accordance with the terms of the contract;

(d) proceeds of any appropriation made by the federal government or any agency or instrumentality thereof or the State or any agency, instrumentality or political subdivision thereof for use in connection with the Monroe Connector System, to the extent such proceeds are deposited in the Revenue Fund and are available for use in the same manner as other Revenues under the provisions of this Trust Agreement, including, without limitation, the State Appropriated Revenues; provided, however, that State Appropriated Revenues shall not constitute Revenues hereunder until such time as such amounts are withdrawn from the State Appropriation Revenue Bond Trust Agreement and deposited to the Revenue Fund or there are no bonds outstanding which are issued under the State Appropriation Revenue Bond Trust Agreement;

(e) any Derivative Agreement Regularly Scheduled Payments or Derivative Agreement Additional Payments received by the Authority under any Derivative Agreement; and

(f) the investment income realized on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the Authority in the Revenue Fund;

but there shall not be included in "Revenues":

(i) the proceeds of any gifts, grants, bequests, contributions or donations (except as provided in clause (b) above in this definition);

(ii) the proceeds from the sale or disposition of all or any part of the Monroe Connector System;

(iii) reimbursements received by the Authority of advances made by it in respect of (i) the Initial Project, (ii) any Additional Project, (iii) any refinancing of Indebtedness and (iv) any capital improvements;

(iv) the investment income realized on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the Authority in any funds, accounts and subaccounts established pursuant to this Trust Agreement (other than the Revenue Fund), except to the extent that such investment income is transferred by the Authority to the Revenue Fund.

(v) any payments received or revenues derived from the ownership or operation of any Non-System Project, except to the extent expressly included as Revenues by resolution adopted by the Authority Board;

(vi) Net Insurance Proceeds or Net Eminent Domain Proceeds other than the net proceeds of any use and occupancy or business interruption insurance;

(vii) proceeds of any appropriation made by the federal government or any agency or instrumentality thereof or the State or any agency, instrumentality or political subdivision thereof to the extent the use of such funds is limited to a use that is inconsistent with their use as Revenues under the provisions of this Trust Agreement;

(viii) the income from the investment of Qualified Escrow Funds to the extent such income is applied to the payment of the principal of or the interest on Long-Term Indebtedness which is excluded from the determination of the Long-Term Debt Service Requirement;

(ix) the proceeds of any security deposits or moneys received to make refunds to users of the Monroe Connector System;

(x) the proceeds of any indebtedness of the Authority; and

(xi) any amounts paid to NCDOT and not the Authority unless there are specific indications such amounts are with respect to the Monroe Connector System.

“*S&P*” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., and its successors and assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*S&P*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

“*Secretary of Transportation*” means the Secretary of Transportation of the State acting as the head of the NCDOT.

“*Securities Depository*” means the Depository Trust Company, New York, New York, or any other recognized securities depository selected by the Authority, which maintains a book-entry system in respect of a Series of Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

“*Securities Depository Nominee*” means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Bond Registrar the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

“*Senior Lien Bonds*” means the Series 2011 Bonds and any Additional Bonds issued under the provisions of Section 211 and secured on a parity with the Series 2011 Bonds, each other and any Senior Lien Parity Debt and Senior Lien Derivative Agreement Regularly Scheduled Payment by this Trust Agreement; provided no such Additional Bonds may be issued unless either (a) all Series 2011 Bonds have ceased to be Outstanding or (b) the sole holder of Series 2011 Bonds otherwise consents in writing. Senior Lien Bonds do not have a lien on the Subordinate Lien Reserve Fund.

“*Senior Lien Debt Service Fund*” means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System Senior Lien Debt Service Fund by Section 501.

“*Senior Lien Derivative Agreement Regularly Scheduled Payment*” means any Derivative Agreement Regularly Scheduled Payments with respect to Derivative Indebtedness constituting Senior Lien Indebtedness.

“*Senior Lien Indebtedness*” means the Series 2011 Bonds and any other Senior Lien Parity Debt.

“*Senior Lien Parity Debt*” means all Indebtedness incurred by the Authority in respect of the Monroe Connector System and not evidenced by Bonds which is secured on a parity (as so designated in the Parity Debt Resolution) with the Senior Lien Bonds by a pledge, charge and lien upon the Revenues as provided in this Trust Agreement including, without limiting the generality of the foregoing, Section

517 and Junior Indebtedness which succeeds to a party with Senior Lien Bonds pursuant to Section 718(b). Senior Lien Parity Debt does not have a lien on the Senior Lien Reserve Fund.

“Senior Lien Reserve Fund” means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System Senior Lien Reserve Fund by Section 501.

“Senior Lien Reserve Requirement” means, initially at the time of issuance of the Series 2011 Bonds, zero, and after the issuance of any other Senior Lien Bonds, the least of (i) the Maximum Long-Term Debt Service Requirement for all Senior Lien Bonds, (ii) 125% of the average annual Long-Term Debt Service Requirement for all Senior Lien Bonds and (iii) 10% of the stated principal amount of all Senior Lien Bonds; provided, however, that if any Series of Senior Lien Bonds has original issue discount or premium that exceeds 2% of the stated redemption price at maturity plus any original issue premium attributable exclusively to underwriter’s compensation, the initial offering prices to the public shall be used in lieu of the stated principal amount for purposes of the 10% limitation. Thereafter, the Senior Lien Reserve Fund shall be adjusted annually on the first day of each Fiscal Year to equal the Maximum Long-Term Debt Service Requirement for the Senior Lien Bonds for the current Fiscal Year and the next succeeding four Fiscal Years to the extent such amount exceeds the initial deposit to the Senior Lien Reserve Fund at the time of issuance of the Series 2011 Bonds. The Senior Lien Reserve Requirement may be composed of cash, Investment Obligations or Reserve Alternative Instruments, or any combination of the foregoing, as the Authority may determine.

“Senior Lien Resolution” means this Trust Agreement and any Supplemental Trust Agreement for Senior Lien Bonds or Parity Debt Resolution for Senior Lien Parity Debt, or both, as the case may be, authorizing the issuance of a Series of Senior Lien Bonds or the incurrence of Senior Lien Parity Debt.

“Separate Reserve Fund” means any reserve fund or account securing Senior Lien Indebtedness or Subordinate Lien Indebtedness, which is not secured by the Senior Lien Reserve Fund or the Subordinate Lien Reserve Fund.

“Serial Bonds” means the Bonds of any Series that are stated to mature in consecutive annual installments.

“Series,” whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series.

“Series 2011 Bonds” means the Authority’s \$10,000,000 Monroe Connector System Senior Lien Turnpike Revenue Bonds, Series 2011.

“Short-Term Indebtedness” means all Indebtedness incurred for borrowed money other than the current portion of Long-Term Indebtedness for any of the following:

- (a) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less;
- (b) leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and
- (c) installment purchase, installment financing or conditional sale contracts having an original term of one year or less.

“SIFMA Municipal Index” means The Securities Industry and Financial Markets Association Municipal Swap Index or such other weekly, high-grade index comprised of seven-day, tax-exempt multi-modal notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by The Securities Industry and Financial Markets Association; provided, however, that if such index is no longer produced by Municipal Market Data, Inc. or its successor, then *“SIFMA Municipal Index”* means such other reasonably comparable index selected by the Authority.

“Sinking Fund Account” means the respective accounts in the Senior Lien Debt Service Fund and the Subordinate Lien Debt Service Fund created and so designated by the provisions of Section 501.

“Sinking Fund Requirement” means, with respect to the Term Bonds which are Series 2011 Bonds and for any Bond Year, the principal amount fixed or computed for retirement by purchase or redemption on or prior to July 1 and, with respect to the Term Bonds which are Additional Bonds, the Sinking Fund Requirement provided in the Supplemental Trust Agreement relating to such Series.

The Sinking Fund Requirements for the Term Bonds which are Series 2011 Bonds shall be initially the respective principal amounts of such Term Bonds for retirement on each July 1 as fixed in Section 302. If during any Bond Year, the total principal amount of Term Bonds retired by purchase or redemption under the provisions of this Trust Agreement shall be greater than the amount of the Sinking Fund Requirement for such Term Bonds, the subsequent Sinking Fund Requirements for such Term Bonds shall be reduced in such amount aggregating the amount of such excess as shall be specified in an Officer’s Certificate filed with the Trustee on or prior to May 15 of the next ensuing Bond Year.

“Special Record Date” means a date fixed by the Trustee for determining the Owner of Bonds for the payment of Defaulted Interest pursuant to Section 202.

“State” means the State of North Carolina.

“State Appropriated Revenues” means any funds appropriated by the State pursuant to G.S. 136-176 or other legislation enacted by the General Assembly of the State providing for the annual appropriation of funds to the Authority to pay debt service on bonds or other indebtedness issued or incurred to finance the Monroe Connector System or to fund debt service reserves, operating reserves or similar reserves in connection therewith.

“State Appropriation Revenue Bonds” means the Bonds issued by the Authority under the State Appropriation Revenue Bond Trust Agreement, including the Appropriation Series 2010 Bonds and the Appropriation Series 2011 Bonds.

“State Appropriation Revenue Bond Trust Agreement” means the Trust Agreement, dated as of October 1, 2010, as supplemented, between the Authority and the Trustee as trustee thereunder, authorizing, among other things, the issuance of State Appropriation Revenue Bonds thereunder secured by the State Appropriated Revenues to pay a portion of the costs of the Initial Project.

“STIP Funds” means the \$77,000,000 in funds from the NCDOT State Transportation Improvement Plan for the Monroe Connector System. The contribution of the STIP Funds is not a loan.

“Subordinate Lien Bonds” means any Additional Bonds issued under the provisions of Section 211 and secured on a parity with any Subordinate Lien Parity Debt and Subordinate Lien Derivative Agreement Regularly Scheduled Payment by this Trust Agreement. Subordinate Lien Bonds do not have a lien on the Senior Lien Reserve Fund.

“Subordinate Lien Debt Service Fund” means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System Subordinate Lien Debt Service Fund by Section 501.

“Subordinate Lien Derivative Agreement Regularly Scheduled Payments” means any Derivative Agreement Regularly Scheduled Payments with respect to Derivative Indebtedness constituting Subordinate Lien Indebtedness.

“Subordinate Lien Indebtedness” means, collectively, the Subordinate Lien Bonds and Subordinate Lien Parity Debt.

“Subordinate Lien Parity Debt” means all Indebtedness incurred by the Authority in respect of the Monroe Connector System and not evidenced by Subordinate Lien Bonds which is secured on a parity (as so designated in the Parity Debt Resolution) with the Subordinate Lien Bonds by a pledge, charge and lien upon the Revenues as provided in this Trust Agreement, including, without limiting the generality of the foregoing, Section 517.

“Subordinate Lien Reserve Fund” means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System Subordinate Lien Reserve Fund by Section 501.

“Subordinate Lien Reserve Requirement” means the least of (i) the Maximum Long-Term Debt Service Requirement for all Subordinate Lien Bonds issued with a claim or amounts in the Subordinate Lien Reserve Fund (*“Reserve Subordinate Lien Bonds”*), (ii) 125% of the average annual Long-Term Debt Service Requirement for all Reserve Subordinate Lien Bonds and (iii) 10% of the stated principal amount of all Reserve Subordinate Lien Bonds; provided, however, that if any Series of Reserve Subordinate Lien Bonds has original issue discount or premium that exceeds 2% of the stated redemption price at maturity plus any original issue premium attributable exclusively to underwriter’s compensation, the initial offering prices to the public shall be used in lieu of the stated principal amount for purposes of the 10% limitation. Thereafter, the Subordinate Lien Reserve Fund shall be adjusted annually on the first day of each Fiscal Year to equal the Maximum Long-Term Debt Service Requirement for the Subordinate Lien Bonds for the current Fiscal Year and the next succeeding four Fiscal Years to the extent such amount exceeds the initial deposit to the Subordinate Lien Reserve Fund. The Subordinate Lien Reserve Requirement may be composed of cash, Investment Obligations or Reserve Alternative Instruments, or any combination of the foregoing, as the Authority may determine.

“Subordinate Lien Resolution” means this Trust Agreement and any Supplemental Trust Agreement for Subordinate Lien Bonds or Parity Debt Resolution for Subordinate Lien Parity Debt, or both, as the case may be, authorizing the issuance of a Series of Subordinate Lien Bonds or the incurrence of Subordinate Lien Parity Debt.

“Supplemental Trust Agreement” means an order or resolution of the Authority authorizing any particular Series of Bonds, together with a supplemental trust agreement executed and delivered by the Authority in connection with the issuance of such Series of Bonds that is required to be executed and delivered by this Trust Agreement prior to the issuance of any such Series.

“Synthetic Fixed Rate” means Synthetic Fixed Rate as defined in the definition of Derivative Indebtedness.

“Synthetic Variable Rate” means Synthetic Variable Rate as defined in the definition of Derivative Indebtedness.

“*Term Bonds*” means the Bonds of any Series, other than Serial Bonds, that are designated as such in this Trust Agreement or the Supplemental Trust Agreement for such Series.

“*TIFIA Indebtedness*” means any secured loan or other borrowing from the USDOT, as lender, to the Authority, as borrower, pursuant to the Transportation Infrastructure Finance and Innovation Act of 1998, as codified as 23 U.S.C. §601 *et seq.*, as the same may be amended from time to time, with respect to the Monroe Connector System, and secured by a pledge, charge and lien on the Revenues. TIFIA Indebtedness is Junior Indebtedness unless the provisions of Sections 216 or 718(b) are met.

“*Traffic Consultant*” means any traffic and revenue consultant or firm of traffic and revenue consultants (1) having a favorable reputation for skill and experience in performing the duties for which such consultant is required to be employed pursuant to the provisions of this Trust Agreement, and (2) if there are any established NCDOT guidelines for such consultants, prequalified to so act under such guidelines..

“*Treasury Secretary*” means the Secretary of the Treasury of the United States or a designee for purposes of dealing with Interest Subsidy Payments.

“*Trust Agreement*” means this Trust Agreement and any supplements and amendments hereto permitted hereby; provided, however, that the Trust Agreement shall not include any Supplemental Trust Agreement executed and delivered by the Authority and the Trustee with respect to a particular Series of Bonds to the extent provided in Section 1105.

“*Trust Estate*” has the meaning set forth in Section 517 hereof.

“*Trustee*” means the Trustee serving as such under this Trust Agreement, whether original or successor.

“*USDOT*” means the United States Department of Transportation.

“*Variable Rate Indebtedness*” means any portion of Indebtedness the interest rate on which is not established at the time of incurrence at a fixed or constant rate.

SECTION 102. *Findings and Determinations.* The Authority does hereby find and determine as follows:

(a) The Authority will own and operate the Monroe Connector System, which comprises the Initial Project.

(b) The Authority has determined to provide in this Trust Agreement for the issuance of revenue bonds for financing and refinancing the cost of various projects authorized by the Act.

(c) The Authority has determined, for purposes of the Act, to combine the Initial Project and all Additional Projects, other than its existing and future Non-System Projects, into one integral combined system of facilities designated as the Monroe Connector System for purposes of this Trust Agreement.

(d) Under the Constitution and laws of the State, particularly the Act, the Authority is authorized and empowered:

(i) to acquire, construct, reconstruct, extend, improve, maintain, better and operate the Monroe Connector System, which may include roads, bridges or tunnel projects and other

structures and equipment necessary or convenient for the use and operation of the Monroe Connector System in a manner consistent with the Act;

(ii) to establish, maintain, revise, charge and collect rates, fees, rentals or other charges for the use, services, facilities and commodities of or furnished by the Monroe Connector System;

(iii) to borrow money for the purpose of acquiring, constructing, reconstructing, extending, bettering, improving or otherwise paying the cost of projects authorized by the Act and to issue its revenue bonds or bond anticipation notes therefor;

(iv) to pledge to the payment of such bonds or notes and interest thereon revenues from the Monroe Connector System; and

(v) to enter into contracts with any person, firm or corporation, public or private, on such terms as the Authority may determine, with respect to the acquisition, construction, reconstruction, extension, betterment, improvement, maintenance or operation of such projects.

(e) The Authority has determined to provide in this Trust Agreement for the issuance of revenue bonds for the purpose of financing and refinancing various improvements to the Monroe Connector System or to any one or more components of the Monroe Connector System as the Authority may determine from time to time in its discretion.

SECTION 103. Rules of Construction.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number.

(b) References herein to particular articles or sections are references to articles or sections of this Trust Agreement unless some other reference is indicated.

(c) References herein to specific sections or chapters of the General Statutes of North Carolina or to specific legislative acts are intended to be references to these sections, chapters or acts as amended and as they may be amended from time to time by the General Assembly of North Carolina, or any successor statute.

(d) Provisions calling for the redemption of Bonds or Parity Debt or the calling of Bonds or Parity Debt for redemption do not mean or include the payment of Bonds or Parity Debt at a stated maturity or maturities.

ARTICLE II DETAILS OF BONDS

SECTION 201. Limitation on Issuance of Bonds. No Bonds may be issued under this Trust Agreement except in accordance with the provisions of this Article. The principal of, the interest on and the redemption premium, if any, on all Bonds issued under the provisions of this Trust Agreement shall be payable solely from the moneys and assets pledged by this Trust Agreement and the respective Supplemental Trust Agreements for their payment. All covenants, agreements and provisions of this Trust Agreement shall be for the benefit and security of all present and future Owners of Bonds and Holders of Parity Debt without preference, priority or distinction as to lien or otherwise, except as

otherwise hereinafter provided or as provided in any Supplemental Trust Agreement or Parity Debt Resolution, of (a) any one Senior Lien Bond or Senior Lien Parity Debt over any other Senior Lien Bond or Senior Lien Parity Debt or (b) any one Subordinate Lien Bond or Subordinate Lien Parity Debt over any other Subordinate Lien Bond or Subordinate Lien Parity Debt, by reason of priority in the issue, sale or negotiation thereof, or otherwise.

Notwithstanding anything else herein, no Additional Bonds or Additional Secured Indebtedness may be issued with a priority of payment or security either senior to or equal to the priority of payment and security for the Series 2011 Bonds unless (a) the Series 2011 Bonds are no longer Outstanding or (b) the Initial 2011 Purchaser has otherwise consented in writing.

SECTION 202. *Details of Bonds.* Subject to Section 201, Bonds authorized hereunder may be issued in one or more Series that may be delivered from time to time. The Authority shall, either herein, including in particular Sections 208 and 209 and Article III, and in a Supplemental Trust Agreement, authorize such Series and shall specify, to the extent appropriate, (a) the authorized principal amount of such Series, (b) the Initial Project or Additional Project to be financed from the Bonds or other indebtedness to be refunded or refinanced with the proceeds thereof, including costs of issuance; (c) whether such Bonds shall constitute Senior Lien Bonds or Subordinate Lien Bonds, (d) the creation or funding of a debt service reserve fund for such Series, if any; (e) the date and terms of maturity or maturities of the Bonds of such Series, or the dates of payment of the Bonds on the demand of the Owner; (f) the interest rate or rates of the Bonds of such Series, which may include variable, adjustable, convertible or other rates, original issue discount, Capital Appreciation Bonds, municipal multipliers or other deferred interest arrangements and zero interest rate Bonds, provided that the interest cost of such Series shall never exceed for such Series the maximum interest rate, if any, permitted by law in effect at the time such Series is issued; (g) the Interest Payment Dates for such Series of Bonds; (h) the denominations, numbering, lettering and series designation of such Series of Bonds; (i) the Bond Registrar or paying agents and place or places of payment of such Bonds; (j) the redemption dates and Redemption Prices for such Series of Bonds and any terms of redemption not inconsistent with the provisions of this Trust Agreement, which may include mandatory redemption at the election of the Owner thereof to the extent permitted by law; (k) the terms of any optional or mandatory tender requirement, if any, for such Series of Bonds; (l) the use to be made of proceeds of such Series of Bonds, including, without limitation, deposits required to be made into the appropriate account or subaccount of the Project Fund, the Senior Lien Debt Service Fund, the Subordinate Lien Debt Service Fund, the Senior Lien Reserve Fund, or the Subordinate Lien Reserve Fund; and (m) any other terms or provisions applicable to the Series of Bonds not inconsistent with the provisions of this Trust Agreement or the Act. All of the foregoing may be added by Supplemental Trust Agreements adopted at any time or from time to time prior to the issuance of such Series of Bonds.

Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated upon an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) authenticated prior to the first Interest Payment Date, in which event it shall bear interest from its date or such later date as is specified in a Supplemental Trust Agreement providing for its issuance; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

Unless provided to the contrary in a Supplemental Trust Agreement, and as permitted by law, the principal of and the interest and premium, if any, on the Bonds shall be payable in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. Except as provided in the following paragraph, the payment of interest on each Bond shall be made (a) by the Bond Registrar on each Interest Payment Date to the person appearing on the registration books of the Bond Registrar as the registered owner thereof as of the

Regular Record Date by check mailed to the registered owner at his address as it appears on such registration books, or (b) by such additional or alternative means as is provided in any Supplemental Trust Agreement providing for the issuance of such Bond; and payment of the principal of all Bonds shall be made upon the presentation and surrender of such Bonds at the designated corporate trust office of the Bond Registrar as the same become due and payable (whether at maturity, by redemption or otherwise).

Notwithstanding the other provisions of this Article, the Series 2011 Bonds shall be issued as a fully registered certificated bond or bonds, as requested by the Initial 2011 Purchaser and, so long as the rights of the Initial 2011 Purchaser under Section 209(b) have not been exercised, payments of principal and interest on the Series 2011 Bonds shall be made by wire transfer, without presentation and surrender, on or before the respective interest and principal payment dates to the Initial 2011 Purchaser in accordance with the most recent written instructions delivered to the Trustee not later than five (5) Business Days prior to the respective payment date

Any interest on any Bond of any Series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "*Defaulted Interest*") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date solely by virtue of such Owner having been such Owner; and such Defaulted Interest may be paid by the Authority, at its election in each case, as provided in Subsection A or B below:

A. The Authority may elect to make payment of any Defaulted Interest on the Bonds of any Series to the persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Authority shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time, the Authority shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Subsection provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Authority of such Special Record Date and, in the name and at the expense of the Authority, such expense to be paid solely from Revenues, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner at his address as it appears in the registration books maintained under Section 206 not less than ten (10) days prior to such Special Record Date. The Trustee may, in its discretion, in the name and at the expense of the Authority, such expense to be paid solely from Revenues, cause a similar notice to be published at least once in (i) a financial journal distributed in the Borough of Manhattan, City and State of New York, and (ii) a newspaper of general circulation in Wake County, North Carolina, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following subsection B below.

B. The Authority may make payment of any Defaulted Interest on the Bonds of any Series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after

notice given by the Authority to the Trustee of the proposed payment pursuant to this Subsection, such method of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Bond delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

SECTION 203. *Execution and Form of Bonds.* The Bonds shall be signed by, or bear the facsimile signatures of, the Chairman, the Vice Chairman or the Executive Director of the Authority and the Authority Secretary or such other officers of the Authority as may be designated by the Authority Board and the official seal of the Authority shall be impressed, or a facsimile thereof imprinted, on the Bonds. In case any officer whose signature or a facsimile of whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature or such facsimile nevertheless shall be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and any Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond are the proper officers to execute such Bond although at the date of such Bond such persons may not have been such officers.

The definitive Bonds are issuable as permitted or required hereby or by the respective Supplemental Trust Agreement providing for the issuance of Bonds of any Series. Bonds may be issued under a book-entry system and held by a Securities Depository; provided the Series 2011 Bonds will be issued in certificated, and not book-entry, form. All Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the applicable rules and regulations of any governmental authority or any securities exchange on which the Bonds may be listed or to any requirement of law with respect thereto.

SECTION 204. *Exchange of Bonds.* Bonds, upon surrender thereof at the designated corporate trust office of the Bond Registrar, together with an assignment duly executed by the Owner or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, in such form as shall be satisfactory to the Bond Registrar, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity, of any denomination or denominations authorized hereby or by the Supplemental Trust Agreement pursuant to which such Bonds were issued, bearing interest at the same rate and in the same form as the Bonds surrendered for exchange.

The Authority shall make provision for the exchange of Bonds at the designated corporate trust office of the Bond Registrar.

SECTION 205. *Transfer and Registration of Transfer of Bonds.* Unless provided to the contrary in a Supplemental Trust Agreement, and as permitted by law, the Bond Registrar shall keep books for the registration and the registration of transfer of the Series of Bonds as to which it is Bond Registrar as provided in this Trust Agreement. The registration books shall be available at all reasonable times for inspection by the Authority and any Owner of such Bonds and may be copied by either of the foregoing and their agents or representatives.

The Bond Registrar shall evidence acceptance of the duties, responsibilities and obligations of the Bond Registrar under this Trust Agreement and the applicable Supplemental Trust Agreement by the execution of the certificate of authentication on the related Series of Bonds.

The transfer of any Bond may be registered only upon the books kept for the registration and registration of transfer of Bonds upon presentation thereof to the Bond Registrar together with an assignment duly executed by the Owner or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, in such form as shall be satisfactory to the Bond Registrar. No transfer of any Bond shall alter the ownership of such Bond for purposes of this Trust Agreement unless such transfer is registered with the Bond Registrar. Upon any such registration of transfer, the Authority shall, if necessary, execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by the Supplemental Trust Agreement pursuant to which such Bond was issued, in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the Authority shall, if necessary, execute and the Bond Registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Trust Agreement. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Bond Registrar. No service charge shall be made for any registration, transfer or exchange of Bonds, but the Authority and the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds. Unless otherwise required by the applicable Supplemental Trust Agreement, neither the Authority nor the Bond Registrar shall be required (a) to issue, transfer or exchange Bonds during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing or (b) to transfer or exchange any Bond so selected for redemption in whole or in part.

SECTION 206. Ownership of Bonds. The Authority, the Trustee, the Bond Registrar and any agent of the Authority, the Trustee or the Bond Registrar, may treat the person in whose name any Bond is registered, including, without limitation, any Securities Depository Nominee, as the Owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest on such Bond, and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, neither the Authority, the Trustee, the Bond Registrar nor any such agent shall be affected by notice to the contrary.

SECTION 207. Authentication of Bonds. Only such Bonds as have endorsed thereon a certificate of authentication substantially in the form set forth in the Supplemental Trust Agreement pursuant to which such Bonds are issued, duly executed as provided in the Supplemental Trust Agreement, shall be entitled to any benefit or security under this Trust Agreement. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Bond has been duly executed and dated as provided in the Supplemental Trust Agreement, and such certificate upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Trust Agreement. The certificate of authentication on any Bond shall be deemed to have been duly executed and dated if signed by an authorized officer of the party authorized under the Supplemental Trust Agreement but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds or any Series thereof that may be issued hereunder at any one time.

SECTION 208. Authorization and Issuance of the Series 2011 Bonds; Form of Series 2011 Bonds. For the purpose of providing funds, together with any other available funds, to (a) pay the costs of land acquisition, design, construction and equipping of the Initial Project, and (b) pay the costs incurred in connection with the issuance of the Series 2011 Bonds, there shall be issued, under and pursuant to the Constitution and the laws of the State, including the Act and the Revenue Bond Act, this Trust Agreement

and the Bond Order, a Series of Bonds of the Authority designated "Monroe Connector System Senior Lien Turnpike Revenue Bonds, Series 2011" in the aggregate principal amount of \$10,000,000,

Wells Fargo Bank, N.A., Jacksonville, Florida is hereby appointed Bond Registrar for the Series 2011 Bonds. The definitive Series 2011 Bonds are issuable in fully registered form in denominations of \$5,000 or any whole multiple thereof, shall be lettered "R-" and shall be numbered from 1 consecutively upward. The definitive Series 2011 Bonds shall be substantially in the form set forth in Exhibit B attached hereto with such appropriate variations, omissions and insertions as are permitted or required by this Trust Agreement.

SECTION 209. Details of Series 2011 Bonds.

(a) The Series 2011 Bonds shall be dated the date of their delivery, shall bear interest (computed on the basis of a 360 day year consisting of 12 months of 30 days each) until their payment payable on Interest Payment Dates at 2.48%, and shall mature on July 1, 2023, subject to optional and mandatory redemption.

(b) The Series 2011 Bonds shall be issued in certificated form in as requested by the Initial 2011 Purchaser. After their issuance, Series 2011 Bonds upon the written request of the Initial 2011 Purchaser, may, in whole but not in part, be exchanged for bonds in a book-entry system with no physical distribution of bond certificates to be made except as hereinafter provided. In that event, one bond certificate with respect to each date on which the Series 2011 Bonds are stated to mature, in the aggregate principal amount of the Series 2011 Bonds stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), will be issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Series 2011 Bonds in the principal amount of \$5,000 or any whole multiple thereof (subject to a minimum denomination of at least \$100,000 in principal amount), with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. In a book-entry system, the principal of and any redemption premium on each Series 2011 Bond and interest with respect thereto shall be payable to Cede & Co. or any other person appearing on the registration books of the Authority as the registered owner of such Series 2011 Bond or its registered assigns or legal representatives; transfer of principal, interest and any redemption premium payments to participants of DTC will be the responsibility of DTC, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2011 Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. In such case, the Authority, the Bond Registrar and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants. In the event that (a) DTC determines not to continue to act as Securities Depository for the Series 2011 Bonds or (b) the Authority determines that continuation of the book-entry system of evidence and transfer of ownership of the Series 2011 Bonds would adversely affect the interests of the beneficial owners of the Series 2011 Bonds, the Authority will discontinue the book-entry system with DTC. If the Authority identifies another qualified Securities Depository to replace DTC, the Authority will make arrangements with DTC and such other Securities Depository to effect such replacement and deliver replacement bonds registered in the name of such other Securities Depository or its Securities Depository Nominee in exchange for the outstanding Series 2011 Bonds, and the references to DTC or Cede & Co. in this Supplemental Agreement shall thereupon be deemed to mean such other Securities Depository or its Securities Depository Nominee. If the Authority fails to identify another qualified Securities Depository to replace DTC, the Authority will deliver replacement bonds in the form of fully registered certificates in the denomination of \$5,000 or any whole multiple thereof, in exchange for the outstanding Series 2011 Bonds as required by DTC and others.

(c) Transfer of the Series 2011 Bonds is restricted to qualified institutional buyers within the meaning Rule 144A of the Securities and Exchange Commission or accredited investors within the meaning Regulation D of the Securities and Exchange Commission, without prior consent of the Local Government Commission.

SECTION 210. Terms of Issuance of Series 2011 Bonds.

(a) The Series 2011 Bonds shall be executed substantially in the form and in the manner herein set forth and shall be deposited with the Bond Registrar for authentication and delivery to the State Treasurer for redelivery to the purchasers thereof, but only upon the deposit with the Trustee of the purchase price of the Series 2011 Bonds. Simultaneously with the closing and the deposit of the proceeds of the Series 2011 Bonds with the Trustee, the Trustee shall apply the proceeds in the amount of \$10,000,000 for deposit to the Project Fund and use pursuant to Article IV.

(b) The Series 2011 Bonds shall be Senior Lien Bonds and shall be secured by the Senior Lien Reserve Fund in accordance with the terms and provisions of this Trust Agreement.

SECTION 211. Terms and Conditions for Issuance of Additional Bonds. Before any Additional Bonds shall be issued, the Authority shall adopt and execute and deliver a Supplemental Trust Agreement authorizing the issuance of such Bonds, fixing the amount and the details thereof as provided in Section 202 and describing in brief and general terms the purpose for issuing such Bonds, with covenants on continuing disclosure and arbitrage. Bonds may be issued for the purpose of providing funds for paying, together with any other available funds:

- (a) all or any part of the Cost of the Initial Project or any Additional Project,
- (b) all or any part of completing payment of the Cost of the Initial Project or any Additional Project, and
- (c) the cost (including financing costs) of refunding any Bonds, Parity Debt or any other indebtedness of the Authority.

Any Supplemental Trust Agreement for Senior Lien Bonds may determine to use the Senior Lien Reserve Fund or to establish a separate reserve fund or account for such Series of Bonds and fix the provisions with respect thereto or not to establish any debt service reserve account. Unless named otherwise in the Supplemental Trust Agreement, the Senior Lien Bonds of each Series shall be designated "Monroe Connector System Senior Lien Turnpike Revenue Bonds, Series ____" (inserting the year such Bonds are issued and any other distinctive letter or number), shall be stated to mature, subject to the right of prior redemption as therein set forth, on the date or dates specified therein, in such year or years not later than forty (40) years from their date, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall be numbered and shall have such redemption provisions (subject to the provisions of Article III), all as provided in the Supplemental Trust Agreement. Except as to any differences in the maturities thereof or in the rate or rates of interest or the provisions for redemption or the provisions regarding the respective subaccounts within the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account of the Senior Lien Debt Service Fund, and any provisions with respect to the Senior Lien Reserve Fund or a separate reserve fund or account, all such Senior Lien Bonds shall be payable on a parity with each other and any Senior Lien Parity Debt and Senior Lien Derivative Agreement Regularly Scheduled Payments and shall be entitled to the same benefit and security of this Trust Agreement, including, in particular, the pledge, charge and lien upon the Revenues in the priority and manner provided herein.

Any Supplemental Trust Agreement for Subordinate Lien Bonds may determine to use the Subordinate Lien Reserve Fund or to establish a separate reserve fund or account for such Series of Bonds and fix the provisions with respect thereto or not to establish any debt service reserve account Unless named otherwise in the Supplemental Trust Agreement, the Subordinate Lien Bonds of each Series shall be designated "Monroe Connector System Subordinate Lien Turnpike Revenue Bonds, Series ____" (inserting the year such Bonds are issued and any other distinctive letter or number), shall be stated to mature, subject to the right of prior redemption as therein set forth, on the date or dates specified therein, in such year or years not later than forty (40) years from their date, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall be numbered and shall have such redemption provisions (subject to the provisions of Article III), all as provided in the Supplemental Trust Agreement Except as to any differences in the maturities thereof or in the rate or rates of interest or the provisions for redemption or the provisions regarding the respective subaccounts within the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account of the Subordinate Lien Debt Service Fund, and any provisions with respect to the Subordinate Lien Reserve Fund or a separate reserve fund or account, all such Subordinate Lien Bonds shall be payable on a parity with each other and any Subordinate Lien Parity Debt and Subordinate Lien Derivative Agreement Regularly Scheduled Payments and shall be entitled to the same benefit and security of this Trust Agreement, including, in particular, the pledge, charge and lien upon the Revenues in the priority and manner provided herein.

The Bonds shall be executed substantially in the form and in the manner set forth in this Trust Agreement or in the Supplemental Trust Agreement and shall be deposited with the Bond Registrar for authentication, but before the Bonds shall be authenticated and delivered to the purchasers thereof, there shall be filed with the Trustee the following:

- (i) an executed copy of this Trust Agreement;
- (ii) an executed copy of the Supplemental Trust Agreement adopted or executed and delivered by the Authority for the particular Series of Bonds;
- (iii) evidence of the approval of the Bonds by the Local Government Commission as required by Section 159-86 of the General Statutes of North Carolina;
- (iv) a copy, certified by the Authority Secretary, of the resolution of the Authority (which resolution may be incorporated in the Supplemental Trust Agreement for the particular Series of Bonds), approving the award of the Bonds and directing the authentication and delivery of such Bonds to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth plus the accrued interest thereon;
- (v) for any Series of Senior Lien Bonds other than the Series 2011 Bonds, evidence of compliance with the provisions of Section 716, or for any Series of Subordinate Lien Bonds, evidence of compliance with the provisions of Section 717; and
- (vi) such other documents as are required to be delivered to the Trustee pursuant to the Supplemental Trust Agreement.

When the documents mentioned in subsections (i) to (vi), inclusive, of this Section shall have been filed with the Trustee and when the Bonds shall have been executed and authenticated as required by this Trust Agreement, the Trustee shall deliver the Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in subsection (iv) of this Section, but only upon payment to the Trustee of the purchase price of the Bonds and the accrued interest, if any, thereon to the date of

delivery. The Trustee shall be entitled to rely upon the resolutions and documents mentioned in subsections (i) to (vi) of this Section as to all matters stated therein.

The proceeds (including accrued interest, if any) of the Bonds shall be applied by the Trustee simultaneously with the delivery of the Bonds as provided in the Supplemental Trust Agreement.

SECTION 212. Temporary Bonds. Until the definitive Bonds of any Series are ready for delivery, there may be executed, and upon direction of the Authority, the Bond Registrar shall deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, except as to identifying numbers, printed, engraved, lithographed or typewritten temporary Bonds in denominations permitted hereby or by the applicable Supplemental Trust Agreement for the definitive Bonds, substantially of the tenor hereinabove set forth, with such appropriate omissions, insertions and variations as may be required. The Authority shall cause the definitive Bonds to be prepared and to be executed and delivered to the Bond Registrar, and the Bond Registrar, upon presentation to it of any temporary Bond, shall cancel the same or cause the same to be canceled and shall authenticate and deliver, in exchange therefor, at the place designated by the Owner, without expense to the Owner, a definitive Bond or Bonds of the same Series and in the same aggregate principal amount, maturing on the same date and bearing interest at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall be entitled to the same benefit of this Trust Agreement, as the definitive Bonds to be issued and authenticated hereunder, including the privilege of registration if so provided. Until definitive Bonds are ready for exchange, interest on temporary Bonds shall be paid when due and notation of such payment shall be endorsed thereon.

SECTION 213. Mutilated, Destroyed, Lost or Stolen Bonds. The Authority shall cause to be executed, and the Bond Registrar shall authenticate and deliver a new Bond of like date, number and tenor in exchange and substitution for and upon the cancellation of any mutilated Bond, or in lieu of and in substitution for any destroyed, lost or stolen Bond, and the Owner shall pay the reasonable expenses and charges of the Authority in connection therewith. Prior to the delivery of a substitute Bond, the Owner of any Bond which was destroyed, lost or stolen shall file with the Bond Registrar evidence satisfactory to it of the destruction, loss or theft of such Bond and of the Owner's ownership thereof and shall furnish to the Authority and to the Bond Registrar such security or indemnity as may be required by them to save each of them harmless from all risks, however remote.

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the Authority, whether or not the destroyed, lost or stolen Bonds are found at any time or are enforceable by anyone, and shall be entitled to all the benefits and security hereof equally and proportionately with any and all other Bonds of the same Series duly issued under this Trust Agreement.

SECTION 214. Revenue Bond Anticipation Notes. Revenue Bond Anticipation Notes may be issued by the Authority from time to time for any purpose for which Additional Bonds may be issued under Section 211. Revenue Bond Anticipation Notes may be issued as Senior Lien Indebtedness or Subordinate Lien Indebtedness and, except to the extent otherwise expressly provided in this Trust Agreement, shall be issued in compliance, to the extent applicable, with the provisions of Section 211 setting forth certain terms and conditions for the issuance of Bonds.

Revenue Bond Anticipation Notes may be issued provided the following conditions are met:

(a) The Authority Board shall adopt a resolution authorizing the issuance of such Revenue Bond Anticipation Notes and setting forth the amount and details thereof, which resolution shall designate such Revenue Bond Anticipation Notes as Senior Lien Indebtedness or Subordinate Lien Indebtedness.

The maximum aggregate principal amount of Revenue Bond Anticipation Notes of an issue at anyone time Outstanding shall not exceed the aggregate principal amount of Senior Lien Indebtedness or Subordinate Lien Indebtedness allowed by subsection (d) of this Section.

(b) The Revenue Bond Anticipation Notes shall be issued pursuant to the provisions of the Act and the Revenue Bond Act.

(c) The interest on and the principal of any such Revenue Bond Anticipation Notes may be made payable from Revenues in the manner provided in Section 503 or from the proceeds of other Revenue Bond Anticipation Notes, Senior Lien Indebtedness, Subordinate Lien Indebtedness or any other legally available source.

(d) Prior to or simultaneously with the delivery of and payment for any such Revenue Bond Anticipation Notes then proposed to be issued, there shall be filed with the Trustee evidence, based on the assumptions hereinafter mentioned in this paragraph, of compliance with the provisions of Section 716 in the case the Revenue Bond Anticipation Notes are issued as Senior Lien Indebtedness or of compliance with the provisions of Section 717 in the case the Revenue Bond Anticipation Notes are issued as Subordinate Lien Indebtedness. In showing compliance with the provisions of Section 716 or Section 717, as the case may be, the principal amount of such assumed Senior Lien Indebtedness or Subordinate Lien Indebtedness shall be deemed to be equal to the principal amount of such Revenue Bond Anticipation Notes being issued, and the Authority shall be entitled to assume that such Senior Lien Indebtedness or Subordinate Lien Indebtedness will mature at such times and in such principal amounts as if such principal were amortized from the date of incurrence thereof over a period of forty (40) years on a level debt service basis and bear such interest rates as it may in its best judgment determine. The Traffic Consultant shall be entitled in his or her best judgment to make such other assumptions as may be necessary in respect of matters that cannot be otherwise ascertained at such time in order to determine whether or not the assumed Senior Lien Indebtedness or Subordinate Lien Indebtedness could be incurred at such time. Any assumptions made by the Traffic Consultant to show compliance with this paragraph shall be binding and conclusive upon the Trustee and any Owner of Bonds and Holders of Parity Debt or the providers of any Derivative Agreements.

SECTION 215. *Grant Anticipation Notes.* Grant Anticipation Notes may be issued by the Authority from time to time for any purpose for which Bonds may be issued under Section 211 in anticipation of the receipt of moneys from firm grant commitments for such purpose from the State or the United States or any agencies of either. Grant Anticipation Notes shall constitute Subordinate Lien Indebtedness and, except to the extent otherwise expressly provided in this Trust Agreement, shall be issued in compliance, to the extent applicable, with the provisions of Section 211 setting forth certain terms and conditions for the issuance of Bonds.

Grant Anticipation Notes may be issued provided the following conditions are met:

(a) The Authority shall adopt a resolution authorizing the issuance of the Grant Anticipation Notes and setting forth the amount and details thereof.

(b) The Grant Anticipation Notes shall be issued pursuant to the provisions of the Act.

(c) The interest on and the principal of the Grant Anticipation Notes may be made payable from Revenues the manner provided in Section 503 or from the proceeds of the grant, other Grant Anticipation Notes, Subordinate Lien Indebtedness or any other legally available source.

(d) The maximum aggregate principal amount of the Grant Anticipation Notes at any time Outstanding shall not exceed the maximum amount of the grant.

(e) Grant Anticipation Notes may be issued without showing compliance with the appropriate provisions of Section 717.

(f) A copy of the resolution of the Authority authorizing the issuance of the Grant Anticipation Notes shall be filed with the Trustee.

SECTION 216. Parity Debt.

(a) Senior Lien Parity Debt and Subordinate Lien Parity Debt may be incurred by the Authority from time to time for any purpose for which Bonds may be issued under Section 211. Except to the extent otherwise expressly provided in this Trust Agreement, Parity Debt shall be incurred in compliance, to the extent applicable, with the provisions of Section 211 setting forth certain terms and conditions for the issuance of Bonds.

(b) Parity Debt may be incurred provided the following conditions are met:

(i) The Authority shall adopt a resolution authorizing the incurrence of any such Parity Debt and setting forth the amount and details thereof.

(ii) Any such Parity shall be incurred pursuant to the provisions of the Act or the Revenue Bond Act.

(iii) The interest on and the principal of any such Parity Debt shall be made payable from Revenues the manner provided in Section 503.

(iv) There shall be filed with the Trustee evidence of compliance with the appropriate provisions of Section 716, in the case of Senior Lien Parity Debt, or Section 717, in the case of Subordinate Lien Parity Debt.

(c) Subordinate Lien Parity Debt shall be secured by and payable from Revenues on a junior and subordinated basis to Senior Lien Indebtedness and shall be paid in the manner set forth in Section 503 and as set forth below:

In the event (a) of any Bankruptcy-Related Event relative to the Authority or to the Monroe Connector System or (b) any Event of Default under this Trust Agreement shall occur and be continuing and (i) written notice of such default shall have been given to the Authority and (ii) judicial proceedings shall be commenced in respect of such Event of Default within 180 days in the case of a default in payment of principal or interest on Senior Lien Indebtedness and within 90 days in the case of any other default after the giving of such notice, then, for so long as any action described in clause (a) or (b) above shall not have been remedied or cured in the opinion of the Trustee, the Owners or Holders of Senior Lien Indebtedness shall be entitled to receive payment in full from Revenues of all principal, premium and interest on all Senior Lien Indebtedness (whether or not then due and payable) before the Owners or Holders of the Subordinate Lien Indebtedness are entitled to receive any payment from Revenues on account of principal of or interest on the Subordinate Lien Indebtedness, and to that end the Owners or Holders of Senior Lien Indebtedness shall be entitled to receive for application in payment thereof any payment or distribution of any kind of character, whether in cash or property or securities, which may be payable or deliverable in any such proceedings in respect of the

Subordinate Lien Indebtedness after giving effect to any concurrent payment or distribution in respect to such Senior Lien Indebtedness. Notwithstanding the foregoing, the Owners or Holders of Subordinate Lien Indebtedness shall be entitled, subject to the rights of the Owners of any Senior Lien Indebtedness, to exercise any of its rights in and to any other collateral securing such Subordinate Lien Indebtedness other than Revenues, and the proceeds derived therefrom shall be distributed in the manner set forth in the Subordinate Lien Resolution and shall not be subject to the provisions of this paragraph.

(d) Junior Indebtedness may be secured by and payable from Revenues on a basis junior and subordinate to both Senior Lien Indebtedness and Subordinate Lien Indebtedness and shall be paid in the manner set forth in Section 503 and as set forth below:

In the event any Event of Default (except for a Bankruptcy-Related Event) under this Trust Agreement shall occur and be continuing and (i) written notice of such default shall have been given to the Authority and (ii) judicial proceedings shall be commenced in respect of such Event of Default within 180 days in the case of a default in payment of principal or interest on Senior Lien Indebtedness or Subordinate Lien Indebtedness and within 90 days in the case of any other default after the giving of such notice, then, for so long as any action described above shall not have been remedied or cured in the opinion of the Trustee, the Owners and Holders of Senior Lien Indebtedness and Subordinate Lien Indebtedness shall be entitled to receive payment in full from Revenues of all principal, premium and interest on all Senior Lien Indebtedness and Subordinate Lien Indebtedness (whether or not then due and payable) before the Holders of the Junior Indebtedness are entitled to receive any payment from Revenues on account of principal of or interest on such Junior Indebtedness, and to that end the Owners or Holders of Senior Lien Indebtedness and Subordinate Lien Indebtedness shall be entitled to receive for application in payment thereof any payment or distribution of any kind of character, whether in cash or property or securities, which may be payable or deliverable in any such proceedings in respect of such Junior Indebtedness after giving effect to any concurrent payment or distribution in respect to such Senior Lien Indebtedness and Subordinate Lien Indebtedness. Notwithstanding the foregoing, the Holders of such Junior Indebtedness shall be entitled, subject to the rights of the Owners of any Senior Lien Indebtedness or Subordinate Lien Indebtedness, to exercise any of its rights in and to any other collateral securing such Junior Indebtedness than Revenues, and the proceeds derived therefrom shall be distributed in the manner set forth in the agreement providing for such Junior Indebtedness and shall not be subject to the provisions of this paragraph.

SECTION 217. Additional Restrictions. A Senior Lien Resolution, a Subordinate Lien Resolution or a agreement providing for Junior Indebtedness of the Authority may establish restrictions and covenants, in addition to those established in this Trust Agreement, including, without limiting the generality of the foregoing, additional restrictions on the incurrence of Indebtedness beyond those set forth in Section 716 and Section 717.

ARTICLE III REDEMPTION

SECTION 301. Redemption Generally. The Bonds of any Series issued under this Trust Agreement may be made subject to redemption, at such times and prices, as may be provided by this Trust Agreement or the Supplemental Trust Agreement authorizing the issuance of such Bonds.

SECTION 302. Redemption of Series 2011 Bonds.

(a) The Series 2011 Bonds shall not be subject to prior redemption except as provided in this Article III.

(b) The Series 2011 Bonds maturing are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be available for such purpose, either in whole at any time or in part (with a \$250,000 minimum) on any January 1, April 1, July 1 or October 1, on or after October 1, 2017, at 100% of the principal amount of such Bonds to be redeemed, plus accrued interest to the redemption date.

(c) The Series 2011 Term Bonds are subject to mandatory redemption in part on each July 1 of such years, in the principal amounts set forth below, at a Redemption Price equal to 100% of the principal amount of the such Bonds to be redeemed, plus accrued interest to the redemption date:

Year	Amount
2012	\$585,000
2013	755,000
2014	770,000
2015	790,000
2016	810,000
2017	835,000
2018	855,000
2019	875,000
2020	895,000
2021	920,000
2022	945,000
2023*	965,000

* Maturity

SECTION 303. *Selection of Bonds or Portions Thereof to be Redeemed.* The Series 2011 Bonds shall be redeemed only in whole multiples of \$5,000 principal amount. If less than all the Series 2011 Bonds are called for redemption, the maturities or portions of maturities of Bonds to be so redeemed shall be as set forth in an Officer's Certificate filed with the Trustee. If less than all of the Bonds of any one maturity are to be called for redemption, and the Bonds are not held in book-entry only form, the Bond Registrar shall effect the redemption of the Bonds of such maturity on a pro-rata basis among registered owners, subject to \$5,000 minimum denomination requirements, using such method as the Trustee shall deem fair and appropriate. If the Bonds are held in book-entry only form, and less than all of the Bonds of any one maturity are to be called for redemption, the particular Bonds or portions

thereof to be redeemed shall be selected by lot in accordance with the procedures of the Securities Depository

The Bond Registrar shall select the Additional Bonds or portions thereof to be redeemed in accordance with the terms and provisions of the Supplemental Trust Agreement relating to such Bonds.

SECTION 304. *Redemption Notice.* At least forty-five (45) days prior to the redemption date of any Series 2011 Bonds to be redeemed, the Authority shall notify the Trustee and the Bond Registrar in writing of its intention to redeem such Bonds. The Authority, the Bond Registrar and the Trustee may mutually agree to a shorter time period for such notice to the Trustee and the Bond Registrar. At least thirty (30) days but not more than sixty (60) days prior to the redemption date of any Series 2011 Bonds to be redeemed, whether such redemption be in whole or in part, the Bond Registrar shall cause a notice of any such redemption signed by the Bond Registrar to be mailed, first class, postage prepaid, to all Owners of Series 2011 Bonds to be redeemed in whole or in part, provided that notice to any Securities Depository shall be sent by registered or certified mail and provided further that failure to mail any such notice to any Owner or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Series 2011 Bonds of any other Owner to whom notice was properly given. The Bond Registrar shall also deliver a copy of any such notice to the Local Government Commission.

Each such notice shall set forth the designation, date and Series of the Series 2011 Bonds, the CUSIP numbers, if any, of the Bonds to be redeemed, the date fixed for redemption, the Redemption Price to be paid, the address and phone number of the Trustee and Bond Registrar, the date of the Redemption Notice, the maturities of the Bonds to be redeemed and, if less than all of the Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

Any notice of redemption, except a notice of redemption in respect of a Sinking Fund Requirement, may state that the redemption to be effected is conditioned upon the receipt by the Trustee or Bond Registrar on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such Bond shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any, and interest on such Bonds are not received by the Trustee or Bond Registrar on or prior to the redemption date, the redemption shall not be made and the Bond Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

The requirements for notice of redemption shall be set forth in the Supplemental Trust Agreement for each Series of Bonds.

SECTION 305. *Effect of Calling for Redemption.* On or before the date upon which Bonds are to be redeemed, the Authority shall deposit with the Trustee or Bond Registrar money or Defeasance Obligations, or a combination of both, that will be sufficient to pay on the redemption date the Redemption Price of and interest accruing on the Bonds to be redeemed on such redemption date.

On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions thereof called for redemption shall be due and payable at the Redemption Price provided therefor, plus accrued interest to such date, and if moneys

sufficient to pay the Redemption Price of the Bonds or portions thereof to be redeemed plus accrued interest thereon to the date of redemption are held by the Trustee or Bond Registrar in trust for the Owners of Bonds to be redeemed, interest on the Bonds or portions thereof called for redemption shall cease to accrue; such Bonds or portions thereof shall cease to be entitled to any benefits or security under this Trust Agreement or to be deemed Outstanding; and the Owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the Redemption Price thereof, plus accrued interest to the date of redemption.

Bonds and portions of Bonds for which irrevocable instructions to pay on one or more specified dates or to call for redemption on anyone or more dates as determined by the Authority have been given to the Trustee or Bond Registrar in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Trust Agreement and shall cease to be entitled to the security of or any rights under this Trust Agreement, and the Owners shall have no rights in respect of the same other than to receive payment of the principal or Redemption Price thereof and accrued interest thereon, to be given notice of redemption in the manner provided in Section 304, and to the extent hereinafter provided, to receive Bonds for any unredeemed portions of Bonds if money or Defeasance Obligations (that have maturity dates or redemption dates which, at the option of the holder of such Defeasance Obligations, shall not be later than the date or dates on which moneys will be required to effect such payment or redemption), or a combination of both, sufficient to pay the principal or Redemption Price of such Bonds or portions thereof, together with accrued interest thereon to the date upon which such Bonds are to be paid or redeemed, are held in separate accounts by the Trustee or Bond Registrar in trust for the Owners of such Bonds.

Any Supplemental Trust Agreement may provide that any notice of redemption, except a notice of redemption in respect of a Sinking Fund Requirement, may state that the redemption to be effected is conditioned upon the receipt by the Trustee or Bond Registrar on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed, and that if such moneys are not so received, such notice shall be of no force or effect and such Bond shall not be required to be redeemed. In the event that such notice contains such a condition and moneys or Defeasance Obligations sufficient to pay the Redemption Price and interest on such Bonds are not received by the Trustee or Bond Registrar on or prior to the redemption date, the redemption shall not be made and the Trustee or Bond Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. The Supplemental Trust Agreement may also provide for the giving of notice of insufficient money prior to the redemption date and such other provisions as the Authority may determine.

SECTION 306. *Redemption of a Portion of Bonds.* If less than all of an Outstanding Bond is selected for redemption, the Owner thereof or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, shall present and surrender such Bond to the Bond Registrar for payment of the principal amount thereof so called for redemption, and the redemption premium, if any, on such principal amount, and the Authority shall, if necessary, execute and the Bond Registrar shall authenticate and deliver to or upon the order of such Owner or his attorney or legal representative, without charge, for the unredeemed portion of the principal amount of the Bond so surrendered, a new Bond of the same Series and maturity, bearing interest at the same rate and of any denomination or denominations authorized by Supplemental Trust Agreement for such Bond; provided such presentation and surrender shall not be required for Series 2011 Bonds so long as they are in the form of a single certificated bond.

SECTION 307. *Cancellation.* Upon receipt of the same, the Bond Registrar shall cancel all Bonds paid, redeemed or purchased by the Trustee or purchased by the Authority and delivered to the Bond Registrar, and all Bonds delivered to the Bond Registrar in exchange for other Bonds or delivered to

the Bond Registrar upon the transfer of any Bond if a new Bond is delivered upon such transfer. The Bond Registrar shall certify to the Authority the details of all Bonds so canceled. All Bonds canceled under any of the provisions of this Trust Agreement either shall be delivered to the Authority or destroyed by the Bond Registrar, as the Authority directs. Upon destruction of any Bonds, the Bond Registrar shall execute a certificate in duplicate, describing the Bonds so destroyed; and one executed certificate shall be filed with the Authority and the other executed certificate shall be retained by the Bond Registrar.

ARTICLE IV PROJECT FUND

SECTION 401. *Project Fund; Initial Deposit to Project Fund.* A special fund is hereby established with the Trustee and designated the "North Carolina Turnpike Authority Monroe Connector System Project Fund." The proceeds of the Series 2011 Bonds to be used for payment of the Costs of the Initial Project shall be deposited by the Trustee in the Project Fund. Unless otherwise provided in a Supplemental Trust Agreement, the proceeds of any Series of Bonds to be used for providing any Additional Project shall be deposited upon the delivery of such Series of Bonds into a separate account in the Project Fund to be created by the Supplemental Trust Agreement providing for the issuance of the Bonds financing such Additional Project.

The money in the Project Fund shall be held by the Trustee in trust and, pending application to the payment of the refinancing of, the reimbursement for or the Costs of the Initial Project or the Cost of any Additional Project, as the case may be, or transfer as provided herein or in the Supplemental Trust Agreement, shall, to the extent permitted by law, be subject to a lien and charge in favor of the Owners of Bonds issued with respect to the Initial Project or Additional Project and Outstanding under this Trust Agreement and the applicable Supplemental Trust Agreement and shall be held for the security of such Owners.

SECTION 402. *Payments from Project Fund.* Payments to accomplish the refinancing of, the reimbursement for or for the Costs of the Initial Project shall be made from the Project Fund and payment of the Costs of any Additional Project shall be made from the applicable subaccount within the Project Fund. All payments from the Project Fund shall be subject to the provisions and restrictions set forth in this Article, and the Authority shall not cause or agree to permit to be paid from the Project Fund any sums except in accordance with such provisions and restrictions.

In order to assure that the Authority will have sufficient funds to provide for the completion of the Initial Project, NCDOT hereby agrees that in the event the proceeds of the State Appropriation Revenue Bonds, the Series 2011 Bonds, the STIP Funds and any Monroe GARVEE Bonds and any investment earnings thereon are not sufficient for such purpose, NCDOT will either (a) deposit to the Project Fund amounts to make the aggregate therein sufficient for such purpose or (b) (1) provide to the Trustee evidence that NCDOT has identified funds available in the required amount for such purpose, and (2) provide to the Trustee and the Authority evidence of the expenditure of funds for such purposes with details of the costs paid. In the event that funds from NCDOT are required to complete the Initial Project, the Authority will provide such notices, financial information and additional documentation to NCDOT as may be needed or requested to NCDOT to provide for the timely payment by NCDOT of the amounts needed to complete the Initial Project. Such payments shall be deposited as received to the Project Fund and applied to pay Costs of the Initial Project in accordance with the provisions of this Article IV.

If the proceeds of the State Appropriation Revenue Bonds, the Series 2011 Bonds, the STIP Funds and any Monroe GARVEE Bonds and any investment earnings thereon, are not sufficient to provide for completion of the Initial Project, the Authority shall not take any action to issue Completion

Indebtedness unless the Authority first takes all actions required to obtain additional funding from NCDOT under this Section and fails to receive such funding from NCDOT.

SECTION 403. Cost of Project and Additional Projects. For the purpose of this Trust Agreement, the Costs of the Initial Project or any Additional Project, as the case may be, shall include such costs as are eligible costs within the purview of the Act, and, without intending to limit or restrict any proper definition of such Cost, shall include the following:

- (a) obligations incurred for labor, materials, services provided by contractors, builders and materialmen in connection with the construction, acquisition, and equipping of the Initial Project or Additional Projects, machinery and equipment, for the restoration of property damaged or destroyed in connection with such construction and acquisition, for the demolition, removal or relocation of any structures and for the clearing of lands;
- (b) interest accruing upon any Bonds prior to the commencement of and during construction or for any additional period as may be authorized by law and provided herein or in the Supplemental Trust Agreement authorizing the issuance of such Bonds;
- (c) the cost of acquiring by purchase, and the amount of any award or final judgment in any proceeding to acquire by Eminent Domain, such land, structures and improvements, property, property rights, rights-of-way, franchises, easements and other interests in lands as may be deemed necessary or convenient in connection with such construction or operation of the Monroe Connector System;
- (d) expenses of administration properly chargeable to such construction or acquisition, legal, trustee, architectural and engineering expenses and fees, cost of audits and of preparing and issuing the Bonds, fees and expenses of consultants, financing charges, premiums of insurance in connection with construction, bond insurance premiums, the cost of funding any debt service reserve account requirements, and all other items of expense not elsewhere in this Section specified that are incident to the financing, construction or acquisition of the Initial Project or any Additional Projects and the placing of the same in operation;
- (e) reimbursement of any obligation or expense incurred by the Authority or NCDOT for any of the foregoing purposes prior to the date of delivery of the Bonds, including reimbursement to any Persons for advances made to the Authority or NCDOT, and also including the cost of materials, supplies or equipment furnished by the Authority or NCDOT in connection with the construction of the Initial Project or any Additional Project and paid for by the Authority or NCDOT out of funds other than money in the Project Fund; and
- (f) reimbursement of GARVEE Matching Funds.

SECTION 404. Requisitions from Project Fund. Payments from the Project Fund shall be made in accordance with the provisions of this Section.

Upon receipt of a requisition of the Authority signed by an Authorized Officer, the Trustee shall pay from the appropriate account of the Project Fund to the Authority at one time or from time to time, a sum or sums aggregating at any point in time not more than \$500,000 (or such greater or lesser amount as shall be specified in the applicable Supplemental Trust Agreement), exclusive of reimbursements as hereinafter authorized in this Section, to be used by the Authority as a revolving fund for the payment of items of Cost referred to in Section 403 which cannot conveniently be paid as herein otherwise provided in this Section. Such money shall be deemed to be a part of the Project Fund until paid out by the Trustee. The Trustee shall apply money in the Project Fund to reimburse the revolving fund from time to

time for items of Cost paid with money in the revolving fund upon receipt of a requisition, in substantially the form set forth in Exhibit A, signed by an Authorized Officer for reimbursement of items of Cost referred to in Section 403, which requisition (1) shall specify the amount and the purpose by general classification of each payment from the revolving fund for which such reimbursement is requested and state that each such item of cost so paid was a necessary item of Cost within Section 403, was not previously requisitioned and was a proper charge against the Project Fund and (2) shall make the certifications required by (f) and (g) below.

Upon request of the Authority, the Trustee shall pay Costs, or reimburse the Authority or NCDOT, directly from the Project Fund, but before any payment shall be made there shall be filed with the Trustee a requisition, in substantially the form set forth in Exhibit A, signed by an Authorized Officer, stating:

- (a) the Requisition number;
- (b) the name of the person to whom such payment is due;
- (c) the amount to be paid;
- (d) the purpose for which the obligation to be paid was incurred;
- (e) that the obligation in the stated amount has been incurred by the Authority, is presently due and payable and is a proper charge against the Project Fund that has not been paid;
- (f) that no notice of any lien, right to lien or attachment upon, or claim affecting the right of any such Person to receive payment of, the amount stated in such requisition has been filed or attached or, if any of the foregoing has been filed or attached, that the same either has been or will be satisfied or discharged or that provisions have been made (which shall be specified) to protect adequately the Trustee and the Owners from incurring any loss as a result of the same;
- (g) that such requisition contains no item representing payment on account of any retainage to which the Authority is entitled at the date of such requisition;
- (h) the account from which such Cost shall be paid; and
- (i) to the extent that such requisition contains any payment of the purchase price or cost of any lands, property, property rights, rights-of-way, easements, franchises or interests in or relating to lands, that such lands, property, property rights, rights-of-way, easements, franchises or interests are being acquired by the Authority in furtherance of the construction or acquisition of the Initial Project or any Additional Project.

Upon receipt of each requisition, the Trustee shall pay the obligations set forth in such requisition out of money in the applicable account or subaccount in the Project Fund, and each such obligation shall be paid by check or wire transfer. If for any reason the Authority should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Trustee, and thereupon the Trustee shall not make such payment.

SECTION 405. Reliance upon Requisitions. All requisitions, opinions and notices received by the Trustee as conditions of payment from the Project Fund may be relied upon by the Trustee. Such requisitions, opinions and notices shall be retained by the Trustee for so long as the Bonds are

Outstanding and shall be subject at all reasonable times to examination by the Authority and the Owners of Bonds then Outstanding.

SECTION 406. *Progress Reports.* The Authority covenants that at least quarterly during the construction of the Initial Project and any Additional Project, it will cause a General Engineering Consultant to prepare a progress report in connection with such construction with respect to:

(a) the date on which the Initial Project or such Additional Project, as the case may be, is expected to be opened for traffic unless such project has been opened for traffic prior to the date of such report;

(b) the date on which the construction of the Initial Project or such Additional Project, as the case may be, is expected to be substantially completed; and

(c) the amount of funds required each six month during the remaining estimated period of construction to pay the Costs of the Initial Project or Additional Project, as the case may be, exclusive of construction contingencies, and accompanied by a progress schedule for such construction, and further including, as to construction, comparisons between actual times elapsed and the actual costs and the original estimates of such time and costs.

A copy of such report shall be filed with the Trustee, provided to any Owner who requests a copy thereof and, upon the request of the Local Government Commission, filed with the Local Government Commission.

SECTION 407. *Completion of Initial Project or any Additional Project and Disposition of Project Fund Balance.* The Completion Date for the Initial Project or any Additional Project, or any segment thereof, shall be evidenced to the Trustee by an Officer's Certificate (a) setting forth the Cost of the Initial Project or the Additional Project, or such segment, whichever is applicable, and stating that, except for amounts not then due and payable or the liability for the payment of which is being contested or disputed by the Authority, which amounts shall be set forth in such Officer's Certificate, all costs and expenses incurred in connection therewith have been paid, and (b) stating that (i) the acquisition, construction and equipping of the Initial Project or the Additional Project, or such segment, whichever is applicable, have been completed substantially in accordance with the plans and specifications therefor and the Cost of the same has been paid and (ii) all other facilities necessary in connection with the Additional Project, or such segment, have been acquired, constructed and installed in accordance with the plans and specifications therefor. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties that exist at the date of such certificate or that may subsequently come into being. The Authority shall supply such certificate within sixty (60) days after the facts justifying such certification exist.

Upon receipt of such certificate, the Trustee shall withdraw all money then remaining in the relevant account in the Project Fund in excess of the amount then needed for completion of the remainder of the Initial Project or Additional Project and apply the same, subject to Section 604, for any capital improvement related to the Monroe Connector System which, in the Opinion of Bond Counsel, is permitted by the Act and the Revenue Bond Act. In the event that the Authority does not deliver an opinion as required by the preceding sentence at the time it delivers such certificate, the Trustee shall transfer the money in excess of the amount then needed for completion of the Additional Project to the applicable account of the Senior Lien Debt Service Fund or the Subordinate Lien Debt Service Fund for such Series of Bonds as directed in writing by an Authorized Officer.

ARTICLE V REVENUES AND FUNDS

SECTION 501. *Establishment of Funds.* In addition to the Project Fund, there are hereby established the following funds:

- (a) North Carolina Turnpike Authority Monroe Connector System Revenue Fund;
- (b) North Carolina Turnpike Authority Monroe Connector System Senior Lien Debt Service Fund, in which there are established four special accounts to be known as the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account;
- (c) North Carolina Turnpike Authority Monroe Connector System Subordinate Lien Debt Service Fund, in which there are established four special accounts to be known as the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account;
- (d) North Carolina Turnpike Authority Monroe Connector System Renewal and Replacement Fund;
- (e) North Carolina Turnpike Authority Monroe Connector System Operations and Maintenance Expense Fund;
- (f) North Carolina Turnpike Authority Monroe Connector System Operating Reserve Fund;
- (g) North Carolina Turnpike Authority Monroe Connector System General Reserve Fund;
- (h) North Carolina Turnpike Authority Monroe Connector System Insurance and Condemnation Award Fund;
- (i) North Carolina Turnpike Authority Monroe Connector System Senior Lien Reserve Fund; and
- (j) North Carolina Turnpike Authority Monroe Connector System Subordinate Lien Reserve Fund.

The Revenue Fund, the Senior Lien Debt Service Fund, the Subordinate Lien Debt Service Fund, the Senior Lien Reserve Fund, the Subordinate Lien Reserve Fund, the Insurance and Condemnation Award Fund and the General Reserve Fund and the accounts therein shall be established with and held by the Trustee. The Renewal and Replacement Fund, the Operations and Maintenance Expense Fund and the Operating Reserve Fund shall be established with and held by a Depositary selected by the Authority.

A Senior Lien Resolution may provide for the creation of a Separate Reserve Fund for the Senior Lien Indebtedness authorized by such Senior Lien Resolution and for the deposit of moneys to and withdrawal of moneys from such Fund. A Separate Reserve Fund created for any Series of Bonds shall be held and maintained by the Trustee; provided, however, that if a Series of Bonds is placed with the purchaser thereof and not publicly offered, then such purchaser or a Depositary may hold the Separate Reserve Fund created for such Senior Lien Indebtedness as provided for in the Senior Lien Resolution authorizing such Senior Lien Indebtedness.

A Subordinate Lien Resolution may provide for the creation of a Separate Reserve Fund for the Subordinate Lien Indebtedness authorized by such Subordinate Lien Resolution and for the deposit of

moneys to and withdrawal of moneys from such Fund. A Separate Reserve Fund created for any Series of Bonds shall be held and maintained by the Trustee; provided, however, that if a Series of Bonds is placed with the purchaser thereof and not publicly offered, then such purchaser or a Depositary may hold the Separate Reserve Fund created for such Subordinate Lien Indebtedness as provided for in the Subordinate Lien Resolution authorizing such Subordinate Lien Indebtedness. A Senior Lien Resolution may also provide for the creation of such other funds and accounts, as the Authority may determine, for the Senior Lien Indebtedness authorized by such Senior Lien Resolution. A Subordinate Lien Resolution may also provide for the creation of such other funds and accounts, as the Authority may determine, for the Subordinate Lien Indebtedness authorized by such Subordinate Lien Resolution.

The money in all of the funds, accounts and subaccounts established with and held by the Trustee pursuant to this Article shall be held in trust and applied as hereinafter provided and, pending such application, the money in such funds, accounts and subaccounts therein shall be subject to a pledge, charge and lien in favor of the Owners of the respective Series of Bonds issued and Outstanding under this Trust Agreement and for the further security of such Owners, except as otherwise provided herein or in any Supplemental Trust Agreement.

Each Supplemental Trust Agreement shall provide, to the extent applicable, for the creation of a separate subaccount within the Interest Account, the Principal Account, the Redemption Account and the Sinking Fund Account of the Senior Lien Debt Service Fund or the Subordinate Lien Debt Service Fund, as the case may be, with respect to each Series of Bonds, which subaccounts shall bear the designation of such Series of Bonds. A Supplemental Trust Agreement for Senior Lien Bonds may provide that such Senior Lien Bonds authorized thereby may be additionally secured by the Senior Lien Reserve Fund or a Separate Reserve Fund or it may provide that there shall not be any debt service reserve fund in respect of such Series of Bonds. If a Series of Senior Lien Bonds is secured by a Separate Reserve Fund or is not secured by any debt service reserve fund, such Series of Senior Lien Bonds shall have no claim on the Senior Lien Reserve Fund or any other Separate Reserve Fund. A Supplemental Trust Agreement for Subordinate Lien Bonds may provide that such Subordinate Lien Bonds authorized thereby may be additionally secured by the Subordinate Lien Reserve Fund or a Separate Reserve Fund or it may provide that there shall not be any debt service reserve fund in respect of such Series of Bonds. If a Series of Subordinate Lien Bonds is secured by a Separate Reserve Fund or is not secured by any debt service reserve fund, such Series of Subordinate Lien Bonds shall have no claim on the Subordinate Lien Reserve Fund or any other Separate Reserve Fund.

Each Parity Debt Resolution for Senior Lien Parity Debt may provide for the creation of such funds and accounts as it may determine, including, without limiting the generality of the foregoing, an account for the payment of interest as mentioned in Section 504(a), an account or accounts for the payment of principal, whether at maturity or pursuant to an amortization requirement, as mentioned in Section 504(b). A Parity Debt Resolution for Senior Lien Parity Debt may provide that the Senior Lien Parity Debt authorized thereby may be additionally secured by the Senior Lien Reserve Fund or a Separate Reserve Fund or it may provide that there shall not be any debt service reserve account in respect of such Senior Lien Parity Debt. If Senior Lien Parity Debt is secured by a Separate Reserve Fund or is not secured by any debt service reserve account, such Senior Lien Parity Debt shall have no claim on the Senior Lien Reserve Fund.

Each Parity Debt Resolution for Subordinate Lien Parity Debt may provide for the creation of such funds and accounts as it may determine, including, without limiting the generality of the foregoing, an account for the payment of interest as mentioned in Section 504(d), an account or accounts for the payment of principal, whether at maturity or pursuant to an amortization requirement, as mentioned in Section 504(e). A Parity Debt Resolution for Subordinate Lien Parity Debt may provide that the Subordinate Lien Parity Debt authorized thereby may be additionally secured by the Subordinate Lien

Reserve Fund or a Separate Reserve Fund or it may provide that there shall not be any debt service reserve account in respect of such Subordinate Lien Parity Debt. If Subordinate Lien Parity Debt is secured by a Separate Reserve Fund or is not secured by any debt service reserve account, such Subordinate Lien Parity Debt shall have no claim on the Subordinate Lien Reserve Fund.

The Authority shall provide to the Trustee a certified or otherwise authentic copy of each Parity Debt Resolution and each Derivative Agreement adopted or entered into by the Authority and shall otherwise provide the Trustee with such information and documents as the Trustee shall request to assure that the Trustee is advised of the payments to be made pursuant to such Parity Debt Resolutions and Derivative Agreements as provided in Section 503.

SECTION 502. Funds Received by the Authority. Except as otherwise expressly provided for herein, all Revenues shall be deposited on a daily basis when received in the Revenue Fund.

All Derivative Agreement Regularly Scheduled Payments received by the Authority shall be deposited in the Revenue Fund upon receipt. Any Derivative Agreement Additional Payments received by the Authority from any counterparty under a Derivative Agreement shall be deposited in the General Reserve Fund upon receipt. The Authority shall provide the Trustee with written schedules of all Derivative Agreement Regularly Scheduled Payments prior to any such deposits in the Reserve Fund.

The Authority has issued and is issuing State Appropriation Revenue Bonds pursuant to the State Appropriation Revenue Bond Trust Agreement to pay certain Costs of the Monroe Connector System not being funded with the STIP Funds and the proceeds of Bonds and Parity Debt issued hereunder. Pursuant to the State Appropriation Revenue Bond Trust Agreement, the Authority has provided that all State Appropriated Revenue shall be deposited as received in the Revenue Fund of the State Appropriation Revenue Bond Trust Agreement to be used to pay principal and interest on the State Appropriation Revenue Bonds. The State Appropriation Revenue Bond Trust Agreement further provides that amounts in excess of the amount needed to pay such debt service is to be withdrawn from the State Appropriation Revenue Bond Trust Agreement and deposited to the Revenue Fund hereunder. Upon such deposit, but not prior to such deposit, such State Appropriated Revenues shall constitute "Revenues" for all purposes of this Trust Agreement including being subject to the lien and pledge of the Trust Estate as provided herein.

In order to assure that the Authority will have sufficient funds to pay Operating Expenses as the same become due, NCDOT has agreed to provide additional funding for the deposits to be made to the Operating Reserve Fund in the event the Revenues are not sufficient to make the deposits thereto as provided in Section 510.

In order to assure that the Authority will have sufficient funds to maintain the quality and sustainability of the Monroe Connector System, NCDOT has agreed to provide additional funding for the deposits to be made to the Renewal and Replacement Fund in the event the Revenues are not sufficient to make the deposits thereto as provided in Section 511.

SECTION 503. Application of Money in Revenue Fund. On the last Business Day of each month, the Trustee shall withdraw all Revenues and other amounts held in the Revenue Fund and apply the same in the following manner and order:

(a) (1) for deposit in the appropriate subaccounts of the Interest Account of the Senior Lien Debt Service Fund an amount equal to the amount of interest payable on each Series of Senior Lien Bonds on the next Interest Payment Date for each such Series of Senior Lien Bonds (if such Interest Payment Date is within seven months of such deposit) divided by the number of deposits to be made to such

subaccounts with respect to interest on such Senior Lien Bonds on or prior to the next Interest Payment Date for each such Series of Senior Lien Bonds; (2) to the Persons entitled thereto an amount equal to the amount of interest payable on each issue of Senior Lien Parity Debt on the next Interest Payment Date for each such issue of Senior Lien Parity Debt (if such Interest Payment Date is within seven months of such payment) divided by the number of such payments to be made to such Persons with respect to interest on such Senior Lien Parity Debt on or prior to the next Interest Payment Date for each such issue of Senior Lien Parity Debt; and (3) to the Persons entitled thereto the amount of any Senior Lien Derivative Agreement Regularly Scheduled Payments required by a Derivative Agreement to be paid by the Authority on or prior to the last Business Day of the next succeeding month; provided, however, that if there shall not be sufficient Revenues to satisfy all such deposits and payments, such deposits and payments shall be made to the Trustee and to each appropriate Person designated in such Senior Lien Parity Debt Resolutions or Derivative Agreements ratably according to the amount so required to be deposited or paid;

(b) (1) for deposit in the appropriate subaccounts of the Principal Account and the Sinking Fund Account of the Senior Lien Debt Service Fund an amount equal to the amount of Principal payable on each Series of Senior Lien Bonds on the next Principal Payment Date for each such Series of Senior Lien Bonds (if such Principal Payment Date is within thirteen months of such deposit) divided by the number of deposits to be made to such subaccounts with respect to Principal on such Senior Lien Bonds on or prior to the next Principal Payment Date for each such Series of Senior Lien Bonds; and (2) to the Persons entitled thereto an amount equal to the amount of Principal payable on each issue of Senior Lien Parity Debt on the next Principal Payment Date for each such issue of Senior Lien Parity Debt (if such Principal Payment Date is within thirteen months of such payment) divided by the number of such payments to be made to such Persons with respect to Principal on such Senior Lien Parity Debt on or prior to the next Principal Payment Date for each such issue of Senior Lien Parity Debt; provided, however, that if there shall not be sufficient Revenues to satisfy all such deposits and payments, such deposits and payments shall be made to the Trustee and to each appropriate Person designated in such Senior Lien Parity Debt Resolutions ratably according to the amount so required to be deposited or paid;

(c) if the amount in the Senior Lien Reserve Fund is less than the Senior Lien Reserve Requirement or the amount in any Separate Reserve Fund is less than the applicable Requirement therefor, (1) one-twelfth (1/12) of the amount required to make up any deficiency in the Senior Lien Reserve Fund as provided in Section 507 for deposit in the Senior Lien Reserve Fund and (2) to the Trustee or other Person holding a Separate Reserve Fund, one-twelfth (1/12) of the amount required to make up any deficiencies in any Separate Reserve Fund as provided in the Supplemental Trust Agreement or Parity Debt Resolution creating any Separate Reserve Funds for deposit in such Separate Reserve Funds; provided, however, that if there shall not be sufficient Revenues to satisfy all such deposits and payments, such deposits and payments shall be made for deposit to the Senior Lien Reserve Fund and each Separate Reserve Fund ratably according to the amount so required to be deposited or paid;

(d) (1) for deposit in the appropriate subaccounts of the Interest Account of the Subordinate Lien Debt Service Fund an amount equal to the amount of interest payable on each Series of Subordinate Lien Bonds on the next Interest Payment Date for each such Series of Subordinate Lien Bonds (if such Interest Payment Date is within seven months of such deposit) divided by the number of deposits to be made to such subaccounts with respect to interest on such Subordinate Lien Bonds on or prior to the next Interest Payment Date for each such Series of Subordinate Lien Bonds; (2) to the Persons entitled thereto an amount equal to the amount of interest payable on each issue of Subordinate Lien Parity Debt on the next Interest Payment Date for each such issue of Subordinate Lien Parity Debt (if such Interest Payment Date is within seven months of such payment) divided by the number of such payments to be made to such Persons with respect to interest on such Subordinate Lien Parity Debt on or prior to the next Interest Payment Date for each such issue of Subordinate Lien Parity Debt; and (3) to the Persons entitled thereto

the amount of any Subordinate Lien Derivative Agreement Regularly Scheduled Payments required by a Derivative Agreement to be paid by the Authority on or prior to the last Business Day of the next succeeding month; provided, however, that if there shall not be sufficient Revenues to satisfy all such deposits and payments, such deposits and payments shall be made to the Trustee and to each appropriate Person designated in such Subordinate Lien Parity Debt Resolutions or Derivative Agreements ratably according to the amount so required to be deposited or paid;

(e) (1) for deposit in the appropriate subaccounts of the Principal Account and the Sinking Fund Account of the Subordinate Lien Debt Service Fund an amount equal to the amount of Principal payable on each Series of Subordinate Lien Bonds on the next Principal Payment Date for each such Series of Subordinate Lien Bonds (if such Principal Payment Date is within thirteen months of such deposit) divided by the number of deposits to be made to such subaccounts with respect to Principal on such Subordinate Lien Bonds on or prior to the next Principal Payment Date for each such Series of Subordinate Lien Bonds; and (2) to the Persons entitled thereto an amount equal to the amount of Principal payable on each issue of Subordinate Lien Parity Debt on the next Principal Payment Date for each such issue of Subordinate Lien Parity Debt (if such Principal Payment Date is within thirteen months of such payment) divided by the number of such payments to be made to such Persons with respect to Principal on such Subordinate Lien Parity Debt on or prior to the next Principal Payment Date for each such issue of Subordinate Lien Parity Debt; provided, however, that if there shall not be sufficient Revenues to satisfy all such deposits and payments, such deposits and payments shall be made to the Trustee and to each appropriate Person designated in such Subordinate Lien Parity Debt Resolutions ratably according to the amount so required to be deposited or paid;

(f) if the amount in the Subordinate Lien Reserve Fund is less than the Subordinate Lien Reserve Requirement or the amount in any Separate Reserve Fund is less than the applicable Requirement therefor, (1) one-twelfth (1/12) of the amount required to make up any deficiency in the Subordinate Lien Reserve Fund as provided in the Supplemental Trust Agreement or Parity Debt Resolution providing for the initial funding of the Subordinate Lien Reserve Fund for deposit in the Subordinate Lien Reserve Fund and (2) to the Trustee or other Person holding a Separate Reserve Fund, one-twelfth (1/12) of the amount required to make up any deficiencies in any Separate Reserve Fund as provided in the Supplemental Trust Agreement or Parity Debt Resolution creating any Separate Reserve Fund for deposit in such Separate Reserve Funds; provided, however, that if there shall not be sufficient Revenues to satisfy all such deposits and payments, such deposits and payments shall be made for deposit to the Subordinate Lien Reserve Fund and each Separate Reserve Fund ratably according to the amount so required to be deposited or paid;

(g) to the credit of the Operations and Maintenance Expense Fund an amount equal to the next succeeding month's budgeted Operating Expenses as set forth in the Annual Budget;

(h) to the credit of the Operating Reserve Fund such amount as shall be necessary to make the amount on deposit therein equal to the Operating Reserve Fund Requirement;

(i) to the credit of the Renewal and Replacement Fund one-twelfth (1/12) of the total amount, if any, required to be deposited therein in such Fiscal Year as set forth in the Annual Budget;

(j) to NCDOT, Guarantee Repayments;

(k) to the holders of Junior Indebtedness, the payments due thereon; and

(l) after all deposits are made in accordance with subsections (a) through (k) above, any remaining moneys shall be deposited in the General Reserve Fund.

The Authority shall provide to the Trustee such certifications, documentation, agreements and other information as may be necessary for the Trustee to determine the amounts required to be deposited or paid as provided above in this Section.

With respect to any deposits or credits due pursuant to subsections (g) through (l) above, the Authority shall provide the Trustee with specific written direction as to the amounts to be paid or credited to such accounts and the Trustee shall be permitted to conclusively rely on such direction by the Authority.

There shall be credited against the amounts required to be deposited or paid as provided in subsection (a) and (d) above, Interest Subsidy Payments actually received and any amounts set aside for payment of interest on Bonds or Parity Debt, all as may be provided in a Supplemental Trust Agreement or a Parity Debt Resolution.

On or before the 45th day next preceding any date on which Serial Bonds are to mature or Term Bonds are to be redeemed pursuant to Sinking Fund Requirements therefor or are to mature, the Authority may satisfy all or a portion of its obligation to make the payments required by subsections (a)(1) and (b)(1) or by subsections (d)(1) and (e)(1) of this Section by delivering to the Trustee Serial Bonds maturing or Term Bonds maturing or required to be redeemed on such date. The price paid to purchase any such Bond, including accrued interest to the date of purchase, shall not exceed the principal or Redemption Price plus accrued interest to the date of purchase. Upon such delivery, the Authority shall receive a credit against amounts required to be deposited into the Interest Account, the Principal Account or Sinking Fund Account, as the case may be, on account of such Bonds with respect to all interest payments for the remainder of the Fiscal Year and in the amount of 100% of the principal amount of any such Serial Bonds or Term Bonds so delivered.

On or before the 45th day next preceding any date on which Parity Debt is to mature or is to be redeemed pursuant to an amortization requirement, the Authority may satisfy all or a portion of its obligation to make the payments required by subsections (a)(2) and (b)(2) or by subsections (d)(2) and (e)(2) of this Section by delivering to the Trustee Parity Debt maturing or required to be so redeemed on such date. The price paid to purchase any such Parity Debt, including accrued interest to the date of purchase, shall not exceed the principal or Redemption Price plus accrued interest to date of purchase. Upon such delivery, the Authority shall receive a credit against amounts required to be deposited or paid with respect to interest or principal on account of such Parity Debt with respect to all interest payments for the remainder of the Fiscal Year and in the amount of 100% of the principal amount of any such Parity Debt so delivered.

SECTION 504. *Application of Money in Interest Accounts; Draws on Reserve Funds.* On each Interest Payment Date, date for the payment of Defaulted Interest or date upon which Bonds are to be redeemed, or on such other date as may be specified in the applicable Supplemental Trust Agreement, the Trustee shall withdraw from the applicable subaccount in the respective Interest Accounts and transfer to the Bond Registrar, if the Bond Registrar is a separate entity from the Trustee, or pay to the Owners, in federal reserve or other immediately available funds, the amounts required for paying interest on the respective Bonds on such Interest Payment Date. The Bond Registrar shall remit or otherwise set aside the amount due and payable to the Owners as provided herein or in the Supplemental Trust Agreements.

If the Authority fails to deposit with the Trustee the amounts required to be deposited in the applicable subaccount of the respective Interest Accounts as provided in Section 503, or if the balance in the applicable subaccount of the respective Interest Accounts on the Business Day next preceding an Interest Payment Date is insufficient to pay interest coming due on the Bonds on such Interest Payment Date, the Trustee shall notify the Authority of the amount of the deficiency and request the Authority to

immediately cure such deficiency. Upon failure of the Authority to cure such deficiency and in any event not later than such Interest Payment Date, the Trustee shall transfer an amount sufficient to cure the same, drawing only upon funds (a) in the case of Senior Lien Bonds secured by the Senior Lien Reserve Fund from the Senior Lien Reserve Fund, (b) in the case of Senior Lien Bonds secured by a Separate Reserve Fund, from such Separate Reserve Fund, if any, securing such Series of Senior Lien Bonds, (c) in the case of Reserve Subordinate Lien Bonds secured by the Subordinate Lien Reserve Fund, from the Subordinate Lien Reserve Fund and (d) in the case of Subordinate Lien Bonds secured by a Separate Reserve Fund, from such Separate Reserve Fund, if any, securing such Series of Subordinate Lien Bonds.

SECTION 505. *Application of Money in Principal Accounts; Draws on Reserve Funds.* On each Principal Payment Date, the Trustee shall withdraw from the applicable subaccount in the respective Principal Accounts and transfer to the Bond Registrar, if the Bond Registrar is a separate entity from the Trustee, or pay to the Owners, in federal reserve or other immediately available funds, the amount necessary to pay the principal of the respective Bonds at their respective maturities. The Bond Registrar shall remit or otherwise set aside the amount due and payable to the Owners as provided in the Supplemental Trust Agreements.

If on any date there is money in the Principal Account of the Senior Lien Debt Service Fund and no Serial Bonds are then Outstanding or if on any Principal Payment Date money remains therein after the payment of the principal of Serial Bonds then due, the Trustee shall withdraw such money therefrom and shall apply the same in the following order: (a) deposit into the Sinking Fund Account of the Senior Lien Debt Service Fund the amount then required to be paid thereto by the Authority pursuant to Section 503, (b) deposit, if and to the extent determined by the Authority, into the Senior Lien Reserve Fund or any Separate Reserve Fund such amounts as may be determined by the Authority in order to make the amounts on deposit therein equal to the Senior Lien Reserve Requirement, or the Separate Reserve Fund requirement, as the case may be, and (c) otherwise make the deposits required by Section 503.

If on any date there is money in the Principal Account of the Subordinate Lien Debt Service Fund and no Serial Bonds are then Outstanding or if on any Principal Payment Date money remains therein after the payment of the principal of Serial Bonds then due, the Trustee shall withdraw such money therefrom and shall apply the same in the following order: (a) deposit into the Sinking Fund Account of the Subordinate Lien Debt Service Fund the amount then required to be paid thereto by the Authority pursuant to Section 503, (b) deposit, if and to the extent determined by the Authority, into the Subordinate Lien Reserve Fund or any Separate Reserve Fund such amounts as may be determined by the Authority in order to make the amounts on deposit therein equal to the Subordinate Lien Reserve Requirement or the Separate Reserve Fund requirement, as the case may be, and (c) otherwise make the deposits required by Section 503.

If the Authority fails to deposit with the Trustee the amounts required to be deposited in the applicable subaccounts of the respective Principal Accounts as provided in Section 503, or if the balance in the applicable subaccount of the respective Principal Accounts on the Business Day next preceding a Principal Payment Date is insufficient to pay the Principal coming due on the Bonds on such Principal Payment Date, the Trustee shall notify the Authority of the amount of the deficiency and request the Authority to immediately cure such deficiency. Upon failure of the Authority to cure such deficiency and in any event not later than such Principal Payment Date, the Trustee shall transfer an amount sufficient to cure the same, drawing only upon funds (a) in the case of Senior Lien Bonds secured by the Senior Lien Reserve Fund, from the Senior Lien Reserve Fund, (b) in the case of Senior Lien Bonds secured by a Separate Reserve Fund, from such Separate Reserve Fund, if any, securing such Series of Senior Lien Bonds, (c) in the case of Subordinate Lien Bonds secured by the Subordinate Lien Reserve Fund, from

the Subordinate Lien Reserve Fund and (d) in the case of Subordinate Lien Bonds secured by a Separate Reserve Fund, from such Separate Reserve Fund, if any, securing such Series of Subordinate Lien Bonds.

SECTION 506. Application of Money in Sinking Fund Accounts; Draws on Reserve Funds. Money held for the credit of the subaccounts in the Sinking Fund Account shall be applied to the retirement, purchase, redemption or payment of Term Bonds in the manner provided in the applicable Supplemental Trust Agreement.

If the Authority fails to deposit with the Trustee the amounts required to be deposited in the applicable subaccounts of the respective Sinking Fund Accounts as provided in Section 503, or if the balance in the applicable subaccount of the respective Sinking Fund Accounts on the Business Day next preceding a Principal Payment Date is insufficient to pay the Principal coming due on the Bonds on such Principal Payment Date, the Trustee shall notify the Authority of the amount of the deficiency and request the Authority to immediately cure such deficiency. Upon failure of the Authority to cure such deficiency and in any event not later than such Principal Payment Date, the Trustee shall transfer an amount sufficient to cure the same, drawing only upon funds (a) in the case of Senior Lien Bonds secured by the Senior Lien Reserve Fund, from the Senior Lien Reserve Fund, (b) in the case of Senior Lien Bonds secured by a Separate Reserve Fund, from such Separate Reserve Fund, if any, securing such Series of Senior Lien Bonds, (c) in the case of Reserve Subordinate Lien Bonds secured by the Subordinate Lien Reserve Fund, from the Subordinate Lien Reserve Fund and (d) in the case of Subordinate Lien Bonds secured by a Separate Reserve Fund, from such Separate Reserve Fund, if any, securing such Series of Subordinate Lien Bonds.

SECTION 507. Deposit and Application of Money in Senior Lien Reserve Fund, Subordinate Lien Reserve Fund and any Separate Reserve Fund; Determination of Deficiencies. If a Senior Lien Resolution provides that the Senior Lien Indebtedness incurred thereunder is to be secured by the Senior Lien Reserve Fund, the Authority must fund, from the proceeds of such Senior Lien Indebtedness or from any other available sources, concurrently with the delivery of and payment for such Senior Lien Indebtedness, the Senior Lien Reserve Fund in an amount equal to the Senior Lien Reserve Requirement. If a Senior Lien Resolution provides that the Senior Lien Indebtedness incurred thereunder is to be secured by a Separate Reserve Fund, the Authority must fund, from the proceeds of such Senior Lien Indebtedness or from any other available sources, at the time or times and in the manner specified in the applicable Senior Lien Resolution, such Separate Reserve Fund in an amount equal to the requirement for such Senior Lien Indebtedness.

If a Subordinate Lien Resolution provides that the Subordinate Lien Indebtedness incurred thereunder is to be secured by the Subordinate Lien Reserve Fund, the Authority must fund, from the proceeds of such Subordinate Lien Indebtedness or from any other available sources, concurrently with the delivery of and payment for such Subordinate Lien Indebtedness, the Subordinate Lien Reserve Fund in an amount equal to the Subordinate Lien Reserve Requirement. If a Subordinate Lien Resolution provides that the Subordinate Lien Indebtedness incurred thereunder is to be secured by a Separate Reserve Fund, the Authority must fund, from the proceeds of such Subordinate Lien Indebtedness or from any other available sources, at the time or times and in the manner specified in the applicable Subordinate Lien Resolution, such Separate Reserve Fund in an amount equal to the requirement for such Subordinate Lien Indebtedness.

(a) The Trustee shall use amounts in the Senior Lien Reserve Fund to make transfers, or use moneys provided under a Reserve Alternative Instrument to make deposits, in the order specified in Section 503, in respect of all Senior Lien Indebtedness secured by the Senior Lien Reserve Fund, to the appropriate subaccounts of the Interest Account, the Principal Account and the Sinking Fund Account of the Senior Lien Debt Service Fund to remedy any deficiency therein as of any Interest Payment Date or

Principal Payment Date (or any earlier date as set forth in a Senior Lien Resolution) or to pay the interest on or the principal of or amortization requirements in respect of any Senior Lien Parity Debt secured by the Senior Lien Reserve Fund when due, whenever and to the extent the money on deposit for such purposes is insufficient. The Trustee shall use amounts in the Subordinate Lien Reserve Fund to make transfers, or use moneys provided under a Reserve Alternative Instrument to make deposits, in the order specified in Section 503, in respect of all Subordinate Lien Indebtedness secured by the Subordinate Lien Reserve Fund, to the appropriate subaccounts of the Interest Account, the Principal Account and the Sinking Fund Account of the Subordinate Lien Debt Service Fund to remedy any deficiency therein as of any Interest Payment Date or Principal Payment Date (or any earlier date as set forth in a Subordinate Lien Resolution), or to pay the interest on or the principal of or amortization requirements in respect of any Subordinate Lien Parity Debt secured by the Subordinate Lien Reserve Fund when due, whenever and to the extent the money on deposit for such purposes is insufficient. Moneys or Investment Obligations on deposit in the Senior Lien Reserve Fund, the Subordinate Lien Reserve Fund, any Separate Reserve Fund or any Separate Reserve Fund shall be used to satisfy deficiencies prior to any draw on a Reserve Alternative Instrument.

(b) The Trustee shall use amounts in any Separate Reserve Fund held by it to make transfers or use moneys provided under a Reserve Alternative Instrument to make deposits, in the order specified in Section 503, in respect of the particular Senior Lien Indebtedness secured by such Separate Reserve Fund, to the appropriate subaccounts of the Interest Account, the Principal Account and the Sinking Fund Account of the Senior Lien Debt Service Fund to remedy any deficiency therein as of any Interest Payment Date or Principal Payment Date (or any earlier date as set forth in a Senior Lien Resolution) or to pay the interest on or the principal of or amortization requirement in respect thereof on Senior Lien Parity Debt secured by such Separate Reserve Fund when due, whenever and to the extent the money on deposit for such purposes is insufficient. The Trustee shall use amounts in any Separate Reserve Fund held by it to make transfers or use moneys provided under a Reserve Alternative Instrument to make deposits, in the order specified in Section 503, in respect of the particular Subordinate Lien Indebtedness secured by such Separate Reserve Fund, to the appropriate subaccounts of the Interest Account, the Principal Account and the Sinking Fund Account of the Subordinate Lien Debt Service Fund to remedy any deficiency therein as of any Interest Payment Date or Principal Payment Date (or any earlier date as set forth in a Subordinate Lien Resolution) or to pay the interest on or the principal of or amortization requirement in respect thereof on Subordinate Lien Parity Debt secured by such Separate Reserve Fund when due, whenever and to the extent the money on deposit for such purposes is insufficient.

(c) Any deficiency in the Senior Lien Reserve Fund, the Subordinate Lien Reserve Fund and any Separate Reserve Fund resulting from the withdrawal of moneys therein shall be made up over the twelve-month period immediately following the month in which such withdrawal is made by monthly deposits of one-twelfth (1/12) of the amount of such deficiency, such deposits to be made pursuant to Section 503(c) or Section 503(f), as applicable. Any deficiency resulting from a draw on a Reserve Alternative Instrument shall be made up as provided in such Reserve Alternative Instrument or documentation relating thereto, but any such deficiency must be made up by not later than the final date when such deficiency would have been required to be made up if there had been a withdrawal of moneys from the Senior Lien Reserve Fund, the Subordinate Lien Reserve Fund, any Separate Reserve Fund or any Separate Reserve Fund rather than a draw on a Reserve Alternative Instrument. Deficiencies may be satisfied through the deposit of additional moneys or the providing of an additional, or increase in a, Reserve Alternative Instrument.

(d) Unless a Reserve Alternative Instrument shall be in effect, if on any date of valuation pursuant to Section 603, the amount on deposit in the Senior Lien Reserve Fund is less than 90% of the Senior Lien Reserve Requirement, the Authority shall deposit into the Senior Lien Reserve Fund monthly one-twelfth (1/12) of the amount required as of such date to bring the amount then on deposit in the Senior

Lien Reserve Fund up to the Senior Lien Reserve Requirement. Any such deficiency may be satisfied through the deposit of additional moneys or the providing of an additional, or increase in a, Reserve Alternative Instrument. Any deficiency in the Subordinate Lien Reserve Fund or any Separate Reserve Fund or Separate Reserve Fund resulting from a valuation of the Investment Obligations therein pursuant to Section 603 shall be made up as provided in the relevant Senior Lien Resolution or Subordinate Lien Resolution.

SECTION 508. *Application of Money in the Redemption Accounts.* The Trustee shall apply money in the respective Redemption Accounts of the Senior Lien Debt Service Fund and the Subordinate Lien Debt Service Fund, as the case may be, for the purchase or redemption of Senior Lien Bonds or Subordinate Lien Bonds, as applicable, as follows:

(a) Subject to the provisions of subsection (c) of this Section, and if instructed to do so in writing by an Authorized Officer, the Trustee shall endeavor to purchase and cancel Bonds or portions thereof, whether or not such Bonds or portions thereof are then subject to redemption, at the written direction of an Authorized Officer, provided that the purchase price of each Bond, plus accrued interest to the date of purchase, shall not exceed the Redemption Price that would be payable on the next redemption date to the Owners of such Bonds under the provisions of the applicable Supplemental Trust Agreement plus accrued interest to the redemption date if such Bond or such portion thereof were called for redemption on such redemption date from the money in the applicable subaccount of the Redemption Account. The Trustee shall pay the interest accrued on such Bonds or portions thereof to the date of settlement from the applicable subaccount of the respective Interest Account and the purchase price from the applicable subaccount of the respective Redemption Account, but no such purchase shall be made by the Trustee from money in the applicable subaccount of the respective Redemption Account within the period of forty-five (45) days immediately preceding any date on which such Bonds or portions thereof are to be redeemed except from moneys other than the moneys set aside in the applicable subaccount of the respective Redemption Account for the redemption of Bonds.

(b) Subject to the provisions of subsection (c) of this Section, the Trustee shall call for redemption on a date permitted hereby or by the applicable Supplemental Trust Agreement such amount of Bonds or portions thereof as, with the redemption premium, if any, will exhaust the moneys then held in the applicable subaccount of the respective Redemption Account as nearly as may be; provided, however, that not less than Fifty Thousand Dollars (\$50,000) principal amount of Bonds shall be called for redemption at anyone time unless the Trustee is so instructed in writing by the Authority. The Trustee shall pay the accrued interest on the Bonds or portions thereof to be redeemed to the date of redemption from the applicable subaccount of the respective Interest Account or any other available funds of the Authority and the Redemption Price of such Bonds or portions thereof from the applicable subaccount of the respective Redemption Account. On or before the redemption date, the Trustee shall withdraw from the applicable subaccounts of the respective Redemption Account and the Interest Account, as applicable, and transfer to the Bond Registrar the respective amounts required to pay the Redemption Price and accrued interest to the redemption date of the Bonds or portions thereof so called for redemption.

(c) Money in the respective Redemption Accounts may be applied by the Trustee in each Fiscal Year to the purchase or the redemption of Bonds of anyone or more Series then Outstanding in accordance with the latest Officer's Certificate filed with the Trustee (i) designating one or more Series of Bonds to be purchased or redeemed, (ii) if more than one Series of Bonds is so designated, setting forth the aggregate principal amount of Bonds of each Series to be purchased or redeemed, and (iii) unless the Supplemental Trust Agreement relating to the Bonds to be redeemed specifies the order of redemption, designating the Bonds to be redeemed within each Series, and if such Bonds are Term Bonds, the years in which future Sinking Fund Requirements are to be reduced as a result of such redemption and the amount of such reduction in each such year. In the event no such certificate is filed and unless the Supplemental

Trust Agreement relating to the Bonds to be redeemed specifies otherwise, (A) the Trustee shall apply such money to the purchase of one or more Series of Bonds as it shall determine or to the redemption of Bonds bearing the highest rate of interest, (B) if Bonds of more than one maturity bear the same interest rate, the Trustee will redeem such Bonds in the inverse order of maturities, and (C) if the Bonds bearing the highest rate of interest are Term Bonds, the Trustee will reduce Sinking Fund Requirements for such Term Bonds in inverse order of the scheduled redemption of such Term Bonds. All Bonds shall be redeemed as provided in the applicable Supplemental Trust Agreement.

Money held for the credit of the applicable subaccounts in the respective Redemption Accounts shall be applied to the purchase or redemption of Bonds in the manner provided in the applicable Supplemental Trust Agreement.

SECTION 509. *Application of Money in Operations and Maintenance Expense Fund.* Moneys held for the credit of the Operations and Maintenance Expense Fund shall be used by the Authority only to pay all or a portion of the cost of any Operating Expenses in accordance with the applicable procedures used in the payment of Operating Expenses.

SECTION 510. *Application of Money in Operating Reserve Fund.* Moneys held for the credit of the Operating Reserve Fund shall be used by the Authority only to pay all or a portion of the cost of any Operating Expenses in accordance with the applicable procedures used in the payment of Operating Expenses or as provided in the Capital Improvements Budget, but only to the extent that amount held in the Operations and Maintenance Expense Fund are not sufficient for such purpose. Subject to the availability of funds as described in Section 515, NCDOT will pay to the Trustee for deposit to the Operating Reserve Fund amounts equal to (i) the amount necessary to replenish the Operating Reserve Fund for any transfer so made up to the Operating Reserve Fund Requirement at the time the transfer is so made and (ii) the amount required to be transferred from the Operating Reserve Fund to the Operating and Maintenance Expense Fund (up to the Operating Reserve Fund Requirement at the time such transfer is required) to the extent that there are not sufficient Revenues held in the Operating Reserve Fund for such purpose

SECTION 511. *Application of Money in Renewal and Replacement Fund.* Moneys held for the credit of the Renewal and Replacement Fund shall be used by the Authority only for the following:

(a) to pay all or a portion of the cost of unusual or extraordinary maintenance, repairs, renewals or replacements or capital improvements related to the Monroe Connector System in accordance with the applicable procedures used in the payment of Operating Expenses or as provided in the Capital Improvements Budget; and

(b) in the Authority's sole discretion, (i) to make deposits to the appropriate subaccounts in the Interest Account, the Principal Account and the Sinking Fund Account of the Senior Lien Debt Service Fund or the Subordinate Lien Debt Service Fund to remedy any deficiency therein, (ii) to make any required deposits or pay interest on or the principal of or amortization requirements in respect of any Senior Lien Parity Debt or Subordinate Lien Parity Debt when due or (iii) to make any Senior Lien Derivative Agreement Regularly Scheduled Payments or Subordinate Lien Derivative Agreement Regularly Scheduled Payments when due, whenever moneys are insufficient for such purposes; provided, however, that amounts paid by NCDOT to the Authority pursuant to the next paragraph may not be used for the purposes described in this subsection (b).

If at any time the amounts in the Renewal and Replacement Fund shall not be equal to the Renewal and Replacement Fund Requirement, then subject to the availability of funds as described in Section 515, NCDOT will pay the amount necessary so that amounts in the Renewal and Replacement

Fund shall be equal to the Renewal and Replacement Fund Requirement. If at any time the amounts in the Renewal and Replacement Fund are in excess of the Renewal and Replacement Fund Requirement, then, upon delivery of an Officer's Certificate making a request therefor, such excess shall be transferred to the General Reserve Fund.

SECTION 512. Insurance and Condemnation Award Fund. The Trustee shall deposit Net Insurance Proceeds or Net Eminent Domain Proceeds into the Insurance and Condemnation Award Fund when and as received by the Trustee from the Authority, and they shall be disbursed pursuant to the provisions of Section 709.

SECTION 513. General Reserve Fund. Moneys held for the credit of the General Reserve Fund shall be used for any legally available purpose, including, without limitation, the payment of Operating Expenses, the payment of capital improvements, including Costs of the Project, Guarantee Repayments, the funding of any Non-System Project, the reimbursement to NCDOT of any interest on Monroe GARVEE Bonds, and the payment of any Derivative Agreement Additional Payments.

In no event shall money be released by the Trustee from the General Reserve Fund for an expenditure not related to the Monroe Connector System or for a Non-System Project unless the Authority shall have certified to the Trustee in writing that: (i) all amounts owed to NCDOT as Guarantee Repayments have been paid, and (ii) no Event of Default shall have occurred and be continuing hereunder. Reimbursement to NCDOT of any interest on Monroe GARVEE Bonds or GARVEE Matching Funds shall be treated as related to the Monroe Connector System.

SECTION 514. Escheat. All money that the Trustee shall have withdrawn from the Senior Lien Debt Service Fund or the Subordinate Lien Debt Service Fund shall have received from any other source and set aside or delivered to the Bond Registrar for the purpose of paying any of the Bonds hereby secured, either at maturity or by purchase or call for redemption, shall be held in trust for the respective Owners.

Any money that is so set aside and that remains unclaimed by the Owners for a period of five (5) years after the date on which such Bonds have become payable shall be treated as abandoned property pursuant to the provisions of Section 116B-53 of the General Statutes of North Carolina, and the Trustee or the Bond Registrar shall report and remit this property to the Escheat Fund established by, according to the requirements of Chapter 116B of the General Statutes of North Carolina, and thereafter the Owners shall look only to the Escheat Fund for payment and then only to the extent of the amounts so received, without any interest thereon, and the Trustee, the Bond Registrar and the Authority shall have no responsibility with respect to such money.

SECTION 515. NCDOT Contingent Guarantees; Repayments Thereof. The obligation of NCDOT in Section 510 is to be funded from amounts in the State Highway Fund and the obligations of NCDOT in Sections 402 and 511 are to be funded from the State Highway Fund or the State Highway Trust Fund. Each such payment is subject to appropriation by the State and the availability of amounts in the respective source fund. In the event of an overpayment, NCDOT may withhold or decrease future payments to recoup such overpayment. All amounts so repaid, as a part of the obligated Guarantee Repayments, shall include simple interest calculated at the rate determined pursuant to Section 136-176(b) of the NCGS. Any repayments made pursuant to Section 503(j) which are less than all of the Guarantee Repayments shall be credited to principal and interest in proportion to the total of principal and interest owed on the date of repayment.

SECTION 516. Disposition of Fund Balances. After provision is made for the payment of all Outstanding Senior Indebtedness, Subordinate Lien Indebtedness and Junior Indebtedness, including the

interest thereon, and for the payment of all and Senior Lien Derivative Agreement Regularly Scheduled Payments, Subordinate Lien Derivative Agreement Regularly Scheduled Payments and all other obligations, expenses and charges required to be paid under or in connection with this Trust Agreement, and receipt by the Trustee of an Officer's Certificate to the effect that there are no other indentures, resolutions, bond orders, Supplemental Trust Agreements, Parity Debt Resolutions, Subordinate Lien Resolutions, Derivative Agreements or other agreements that impose a continuing lien on the balances hereinafter mentioned, the Trustee shall pay all amounts in any fund, account or subaccount then held by it under this Trust Agreement to the Authority. If a continuing lien has been imposed on such balance by another resolution, bond order, any other agreement, by court order or decree, or by law, the Trustee shall pay such balance to such person as is entitled to receive the same by law or under the terms of such resolution, bond order, agreement, court order, or decree.

SECTION 517. *Security.* As security for the payment of all Bonds and other Indebtedness issued or incurred hereunder and the interest thereon, and as security for the payments of amounts due under any Derivative Agreement, but in each case solely as provided herein, the Authority hereby grants to the Trustee, for the benefit of the Owners and Holders of such indebtedness and the counterparty to any such Derivative Agreement, a pledge, charge and lien upon (a) the money and Investment Obligations in the Project Fund (to the extent provided in Section 401), the Revenue Fund, the Senior Lien Debt Service Fund, the Subordinate Lien Debt Service Fund, the Senior Lien Reserve Fund, the Subordinate Lien Reserve Fund, the Insurance and Condemnation Award Fund and the General Reserve Fund under this Trust Agreement and accounts established under the Supplemental Trust Agreements relating to their issuance, except that the Senior Lien Debt Service Fund and the Senior Lien Reserve Fund shall be held solely for the benefit of the Senior Lien Parity Debt, including the Series 2011 Bonds, secured thereby notwithstanding the last paragraph of Section 213 hereof, the Subordinate Lien Debt Service Fund and Subordinate Lien Reserve Fund shall be held solely for the benefit of the Subordinate Lien Parity Debt secured thereby, and any fund or account created by a Supplemental Trust Agreement to the extent such Supplemental Trust Agreement expressly excludes such fund or account, (b) the Revenues, except upon the disbursement of Revenues for deposit or credit to NCDOT or for deposit or credit to the Operations and Maintenance Expense Fund, the Operating Reserve Fund or the Renewal and Replacement Fund, (c) unless otherwise provided in a Supplemental Trust Agreement, the rights to the amounts payable to the Authority under any Credit Facility and (d) the rights to amounts payable to the Authority or the Trustee pursuant to any Derivative Agreement (collectively, the "*Trust Estate*").

Any Revenues disbursed by the Trustee for deposit in the Operations and Maintenance Expense Fund, the Operating Reserve Fund or the Renewal and Replacement Fund, and any Revenues disbursed to NCDOT pursuant to this Trust Agreement as Guarantee Repayments or otherwise shall no longer constitute Revenues within the meaning of this Trust Agreement and shall no longer be subject to the pledge, charge and lien upon the Trust Estate created by this Trust Agreement.

The pledge, charge and lien upon the Trust Estate shall be effective and operate immediately, without any recording or filing of any financing statement or other notice, and the Trustee shall have the right to collect and receive the Revenues in accordance with the provisions hereof at all times during the period from and after the date of delivery of the Series 2011 Bonds issued hereunder until all Bonds, Parity Debt, Senior Lien Derivative Agreement Regularly Scheduled Payments, Subordinate Lien Derivative Agreement Regularly Scheduled Payments and Junior Indebtedness have been fully paid and discharged, including, without limitation, at all times after the institution and during the pendency of bankruptcy or similar proceedings.

The aforementioned pledge, charge and lien upon the Trust Estate shall not inhibit the sale or disposition of any portion of the Monroe Connector System in accordance with this Trust Agreement and

shall not impair or restrict the ability of the Authority to invest in securities and other forms of investment, subject to the provisions of this Trust Agreement.

The pledge, charge and lien upon the Trust Estate shall be (1) first for the security for the payment of the Owners or Holder of Senior Lien Indebtedness, including the interest thereon and the payment of any Senior Lien Derivative Agreement Regularly Scheduled Payments, (2) second for the security for the payment of the Subordinate Lien Bonds and Subordinate Lien Parity Debt, including the interest thereon, and the payment of all Subordinate Lien Derivative Agreement Regularly Scheduled Payments, for which such pledge, charge and lien upon the Trust Estate is junior and subordinate to the pledge charge and lien upon the Trust Estate securing the Senior Lien Bonds, the Senior Lien Parity Debt and the Senior Lien Derivative Agreement Regularly Scheduled Payments, (3) third, for the security of any Guarantee Repayments, and (4) fourth, for the security for the payment of the Junior Indebtedness, including the interest thereon, which is junior and subordinate to the pledge charge and lien upon the Trust Estate securing the Senior Lien Bonds, the Senior Lien Parity Debt, the Senior Lien Derivative Agreement Regularly Scheduled Payments, the Subordinate Lien Bonds, the Subordinate Lien Parity Debt, the Subordinate Lien Derivative Agreement Regularly Scheduled Payments and any Guarantee Repayments.

SECTION 518. Use of Available Funds. Nothing in this Trust Agreement shall be construed to prevent the Authority from (a) paying all or any part of the Operating Expenses, (b) depositing in any fund or account created under, or subaccount created pursuant to, the provisions of this Trust Agreement, any Supplemental Trust Agreement or any Parity Debt Resolution, (c) paying the principal of, premium, if any, and interest on Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness or (d) from making any payment required by a Derivative Agreement from any moneys available to the Authority for such purpose, except to the extent the Authority is prohibited from making such deposit by this Trust Agreement, any Senior Lien Resolution, any Subordinate Lien Resolution or otherwise.

ARTICLE VI DEPOSITARIES OF MONEY, SECURITY FOR DEPOSITS, INVESTMENT OF FUNDS AND COVENANT AS TO ARBITRAGE

SECTION 601. Security for Deposits. Any and all money received by the Authority under the provisions of this Trust Agreement shall be deposited as received with the Trustee or one or more other Depositaries as provided in this Trust Agreement, and all money so deposited with the Trustee shall be trust funds under the terms hereof, and, to the extent permitted by law in the case of the Project Fund, shall not be subject to any lien or attachment by any creditor of the Authority.

All money deposited with the Trustee or any Depositary hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured, for the benefit of the Authority and the Owners and Holders of Bonds and Parity Debt, either (a) by lodging with a bank or trust company chosen by the Trustee or Depositary or, if then permitted by law, by setting aside under control of the trust department of the bank or trust company holding such deposit, as collateral security, Government Obligations or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable State law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Trustee or any Depositary to give security for the deposit of any money with it for the payment of the principal of or the redemption

premium or the interest on any Bonds, or for the Trustee or any Depositary to give security for any money that shall be represented by Investment Obligations purchased under the provisions of this Article as an investment of such money.

All money deposited with the Trustee or any Depositary shall be credited to the particular fund, account or subaccount to which such money belongs.

SECTION 602. *Investment of Money.* Money held for the credit of all funds, accounts and subaccounts shall be continuously invested and reinvested by the Trustee or the Depositaries, whichever is applicable, in Investment Obligations, as directed by an Authorized Officer as described below, or held as cash to the extent investment or reinvestment in Investment Obligations is not practicable. Except as hereinafter provided in this Section with respect to the disposition of investment income, the particular investments to be made and other related matters in respect of investments may, as to each Series of Bonds other than the Series 2011 Bonds, be provided in the applicable Supplemental Trust Agreement.

Except as hereinafter provided in this Section with respect to the Senior Lien Reserve Fund and Subordinate Lien Reserve Fund, Investment Obligations shall mature or be redeemable at the option of the holder thereof not later than the respective dates when the money held for the credit of such funds, accounts and subaccounts will be required for the purposes intended.

Investment Obligations in the Senior Lien Reserve Fund and Subordinate Lien Reserve Fund shall (a) mature or (b) be redeemable at the option of the holder of such Investment Obligation so that all such Investment Obligations shall have an average life of not more than ten (10) years after the date of such investment.

Notwithstanding the forgoing, no Investment Obligations pertaining to any Series in any fund, account or subaccount shall mature on a date beyond the latest maturity date of the respective Series of Bonds Outstanding at the time such Investment Obligations are deposited. For purposes of this Section, the maturity date of any repurchase agreement shall be deemed to be the stated maturity date of such agreement and not the maturity dates of the underlying obligations.

An Authorized Officer or his designee shall give to the Trustee or any Depositary written directions respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of this Article, and the Trustee or such Depositary shall then invest such money as so directed. The Trustee or any Depositary may request additional direction or authorization from the Authorized Officer or his designee in writing with respect to the proposed investment of money under the provisions of this Trust Agreement. Upon receipt of such directions, the Trustee or any Depositary shall invest, subject to the provisions of this Article, such money in accordance with such directions. If no such directions are given, then any uninvested funds shall be invested by the Trustee in Government Obligations having the shortest maturity available, but in no event exceeding a maturity of thirty (30) days from the date of investment in the case of funds held in the Project Fund, and the date funds are required to be used to pay debt service on Bonds in the case of funds held in the Senior Lien Debt Service Fund or the Subordinate Lien Debt Service Fund. The Trustee or any Depositary shall have no liability for investments made in accordance with this Section.

Investment Obligations acquired with money in or credited to any fund, account or subaccount established under this Trust Agreement shall be deemed at all times to be part of such fund, account or subaccount. Any loss realized upon the disposition or maturity of such Investment Obligations shall be charged against such funds, accounts or subaccounts. The interest accruing on any such Investment Obligations and any profit realized upon the disposition or maturity of such Investment Obligations shall be credited to the particular fund, account or subaccount to which such Investment Obligation relates

(and, if such account is part of the Trust Estate, shall be subject to the pledge of the Trust Estate in accordance with Section 518) except as follows:

Any investment earnings received on amounts deposited in the Senior Lien Debt Service Fund or the Senior Lien Reserve Fund, to the extent that the amount on deposit in the Senior Lien Reserve Fund is equal to the Senior Lien Reserve Requirement, shall be transferred to the Interest Account of the Senior Lien Debt Service Fund. Any investment earnings received on amounts deposited in the Subordinate Lien Reserve Fund, to the extent that the amount on deposit in the Subordinate Lien Reserve Fund is equal to the Subordinate Lien Reserve Requirement, shall be transferred to the Interest Account of the Subordinate Lien Debt Service Fund. Any investment earnings on any Special Reserve Account shall be transferred or deposited in the manner specified in the Supplemental Trust Agreement or Parity Debt Resolution establishing such Special Reserve Account.

Any such interest accruing and any such profit realized shall not be credited or transferred to any other fund, account or subaccount unless there shall be no deficiency in the respective fund, account or subaccount. If there shall be a deficiency in any fund, account or subaccount, any such interest or profit shall remain in such fund, account or subaccount until such deficiency has been made up.

Any such interest accruing and any such profit realized that is required to be transferred to any other fund, account or subaccount shall be transferred upon the receipt thereof by the Depositaries or the Trustee, as the case may be, pursuant to the provisions of this Trust Agreement.

The Trustee shall sell or reduce to cash a sufficient amount of such Investment Obligations whenever it is necessary to do so to provide money to make any payment from any such fund, account or subaccount in accordance with the provisions of this Trust Agreement. The Trustee shall not be liable or responsible for any loss resulting from any such action.

Whenever a transfer of money between two or more of the funds, accounts or subaccounts established under this Trust Agreement is permitted or required, such transfer may be made as a whole or in part by transfer of one or more Investment Obligations at a value determined at the time of such transfer in accordance with this Article, provided that the Investment Obligations transferred are those in which money of the receiving fund, account or subaccount could be invested at the date of such transfer.

For purposes of making any investment hereunder, the Trustee or any Depositary may consolidate money held by it in any fund, account or subaccount with money in any other fund, account or subaccount. Transfers from any fund, account or subaccount to the credit of any other fund, account or subaccount provided for in this Trust Agreement may be effectuated on the books and records of the Trustee, the Authority or any Depositary without any actual transfer of funds or liquidation of investments. Investment Obligations purchased with consolidated funds shall be allocated to each fund, account or subaccount on a pro rata basis in accordance with the initial amount so invested from each such fund, account or subaccount.

Unless otherwise directed by the Authority, Investment Obligations may be purchased by the Trustee or any Depositary through its own investment division or other bank facilities established for such purpose.

SECTION 603. *Valuation.* For the purpose of determining the amount on deposit in any fund, account or subaccount, Investment Obligations in which money in such fund, account or subaccount is invested shall be valued by the Trustee (a) at face value if such Investment Obligations mature within twelve (12) months from the date of valuation thereof and (b) if such Investment Obligations mature more than twelve (12) months after the date of valuation thereof, at the price at which such Investment

Obligations are redeemable by the holder at its option, if so redeemable, or, if not so redeemable, at the lesser of (i) the cost of such Investment Obligations minus the amortization of any premium or plus the amortization of any discount thereon and (ii) the market value of such Investment Obligations.

All Investment Obligations in all of the funds, accounts and subaccounts created hereunder, except the Renewal and Replacement Fund, the Operating Reserve Fund, the Operations and Maintenance Expense Fund and the General Reserve Fund, shall be valued as of the last day of each Fiscal Year. When a valuation is made by the Trustee, the Trustee shall report the result of such valuation to the Authority within thirty (30) days after such valuation. In addition, Investment Obligations shall be valued at any time requested by the Authority on reasonable notice to the Trustee (which period of notice may be waived or reduced by the Trustee); provided, however, that the Trustee shall not be required to value Investment Obligations more than once in any calendar month.

Whenever, following a valuation on the last day of each Fiscal Year as described above, the value of the cash and Investment Obligations in the Senior Lien Reserve Fund held by the Trustee, plus accrued interest to the date of valuation, is less than 90% of the Senior Lien Reserve Requirement, the Trustee shall compute the amount by which the Senior Lien Reserve Requirement exceeds the balance in the Senior Lien Reserve Fund and shall immediately give the Authority notice of such deficiency and the amount necessary to cure the same in accordance with Section 507.

Whenever the value of the cash and Investment Obligations in the Senior Lien Reserve Fund held by the Trustee, plus accrued interest to the date of valuation, is greater than the Senior Lien Reserve Requirement, the Trustee shall compute the amount by which the balance in the Senior Lien Reserve Fund exceeds the Senior Lien Reserve Requirement, and the Authority shall be entitled to transfer such excess to the credit of the Interest Account of the Senior Lien Debt Service Fund or to pay interest on Senior Lien Bonds or Senior Lien Parity Debt secured by the Senior Lien Reserve Fund in the manner directed by the Authority in an Officer's Certificate filed with the Trustee; provided, however, that nothing herein shall require the Authority to liquidate or sell any Investment Obligation held in the Senior Lien Reserve Fund for purposes of making such transfer.

Whenever the value of the cash and Investment Obligations in the Subordinate Lien Reserve Fund held by the Trustee, plus accrued interest to the date of valuation, is greater than the Subordinate Lien Reserve Requirement, the Trustee shall compute the amount by which the balance in the Subordinate Lien Reserve Fund exceeds the Subordinate Lien Reserve Requirement, and the Authority shall be entitled to transfer such excess to the credit of the Interest Account of the Subordinate Lien Debt Service Fund or to pay interest on Subordinate Lien Bonds or Subordinate Lien Parity Debt secured by the Subordinate Lien Reserve Fund in the manner directed by the Authority in an Officer's Certificate filed with the Trustee; provided, however, that nothing herein shall require the Authority to liquidate or sell any Investment Obligation held in the Subordinate Lien Reserve Fund for purposes of making such transfer.

SECTION 604. Covenant as to Arbitrage. The Authority covenants that so long as any of the Bonds remain Outstanding, money on deposit in any fund, account or subaccount maintained in connection with the Bonds, regardless of whether such money was derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner that would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, except for moneys on deposit in such funds, accounts or subaccounts with respect to any Series of Bonds not intended to be tax-exempt under the provisions of the Code. The Authority further covenants and agrees to comply with the requirements of Section 148 of the Code and applicable regulations promulgated from time to time hereunder with respect to any Series of Bonds intended to be tax-exempt under the provisions of the Code.

ARTICLE VII GENERAL COVENANTS AND REPRESENTATIONS

SECTION 701. *Payment of Principal, Interest, Premium and Other Amounts.* The Authority shall cause to be paid, when due, the principal of (whether at maturity, by redemption or otherwise) and the premium, if any, and interest on the Bonds, Parity Debt and the Derivative Agreement Regularly Scheduled Payments at the places, on the dates and in the manner provided herein and in the Bonds, Parity Debt and the documentation authorizing and securing such Bonds an Parity Debt and in any Derivative Agreement, according to the true intent and meaning thereof.

The Bonds and Parity Debt are special obligations of the Authority payable solely from the Revenues, the Authority's right to receive the same, and money, Investment Obligations and Reserve Alternative Instruments held in the applicable funds, accounts and subaccounts created hereunder for each such Series of Bonds and the income from Investment Obligations in such funds, accounts and subaccounts. The Bonds and Parity Debt shall be secured as provided in Section 517. The Bonds and Parity Debt shall not be deemed to a debt, liability or obligation of the State or of any other public body in the State secured by a pledge of the faith and credit of the State or of any other public body in the State, respectively, but shall be payable solely from the Revenues and other income or assets pledged under this Trust Agreement. The Authority shall not be obligated to pay the principal of, premium, if any, or interest on the Bonds and Parity Debt except from the Revenues and other income or assets pledged under this Trust Agreement, and neither the faith and credit nor the taxing power of the State or of any other public body in the State, including the Authority, is pledged for the payment of the principal of, premium, if any, or interest on the Bonds and Parity Debt. The Authority has no taxing power.

The Authority and NCDOT covenant that they will prepare all proposed and actual budgets including, and submit as necessary to all parties for, the continuance of State Appropriated Revenues in an annual amount of at least \$24,000,000.

SECTION 702. *Acquisition, Construction and Equipping of the Initial Project and Additional Projects.* The Authority shall acquire, construct and equip the Initial Project and any Additional Project for which Bonds or Parity Debt are issued or for which money repayable from the proceeds of Bonds or Parity Debt are advanced by the Authority for such purpose. The Authority covenants to acquire, construct, equip and complete the Initial Project and any Additional Project in conformity with applicable law and all other requirements of all governmental authorities having jurisdiction thereover, and that the Authority will complete the acquisition, construction and equipping of the Initial Project and any Additional Project with all expedition practicable.

The Authority shall require each person, firm or corporation with whom it may contract for such construction to (a) furnish a payment and performance bond in the full amount of any contract or (b) deposit with an Authorized Officer marketable securities that are eligible as security for the deposit of trust funds as provided in Section 601 in the full amount of any contract. The proceeds of any such payment or performance bond or securities shall be deposited in the applicable account or subaccount of the Project Fund and applied toward the completion of the Initial Project or Additional Project in connection with which such payment or performance bond or securities are furnished. The Authority shall diligently exercise its rights for the enforcement of any such payment and performance bond.

SECTION 703. *Maintenance of Existence; Operation of the Monroe Connector System.*

(a) The Authority shall take all actions within its power to maintain its existence as a part of the NCDOT with the necessary power and authority to issue tax-exempt bonds under the laws of the State.

(b) The Authority shall establish and enforce reasonable rules and regulations governing the operation and use of the Monroe Connector System, operate the Monroe Connector System in an efficient and economical manner, maintain the properties constituting the Monroe Connector System in good repair and in sound operating condition for so long as the same are necessary for the operation of the Monroe Connector System, and be in compliance with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body that are applicable to the Monroe Connector System and the Authority. The Authority's obligation to maintain and operate the Monroe Connector System is an obligation only upon Revenues, and no Owner or Holder of Indebtedness has the right to compel the exercise of the taxing power by the State or any other public body in the State, including the Authority, or the forfeiture of any of their respective property in connection with any such obligation except as herein provided.

(c) The Authority covenants that it will serve as the exclusive procuring agent for the acquisition, installation, operation and maintenance of all property, plant and equipment designed to calculate the tolls to be charged to users of the Initial Project and any Additional Project and that it will institute such administrative procedures and enter into such agreements with third party service providers as shall be necessary to assure that the tolls so charged are collected to the extent reasonably practicable. Notwithstanding the foregoing, in selecting the toll identification and collection technology to be utilized, the equipment and service vendors to utilize, the technology hardware and software to be utilized, including all processes used for revenue collection, the Authority may take into consideration such factors as the Authority shall determine to be necessary, such as compatibility of the systems used for the Initial Project and Additional Projects with the systems used elsewhere by the Authority and other toll road operators, emerging technologies and the adaptability of the systems utilized to emerging technologies, customer costs associated with the systems selected, the accuracy of the systems selected in computing and assessing tolls and such other factors and the Authority shall determine relevant.

SECTION 704. Rate Covenant.

(a) The Authority covenants to fix, charge and collect tolls, fees, rentals and other charges for the use of and for services furnished or to be furnished by the Monroe Connector System, and that from time to time and as often as it shall appear necessary, to revise such tolls, fees, rentals and other charges as may be necessary or appropriate, in order that for each Fiscal Year, beginning with the first full Fiscal Year in which the Initial Project is in operation, the Adjusted Revenues in such Fiscal Year will not be less than 130% of the Adjusted Long-Term Debt Service Requirement for Senior Lien Indebtedness only for such Fiscal Year.

(b) The Authority covenants to fix, charge and collect tolls, fees, rentals and other charges for the use of and for services furnished or to be furnished by the Monroe Connector System, and that from time to time and as often as it shall appear necessary, to revise such tolls, fees, rentals and other charges as may be necessary or appropriate, in order that for each Fiscal Year, beginning with the first full Fiscal Year in which the Initial Project is in operation, the Adjusted Revenues in such Fiscal Year will not be less than 120% of (x) the Adjusted Long-Term Debt Service Requirement for Senior Lien Indebtedness and Subordinate Lien Indebtedness for such Fiscal Year and (y) the deposits to be made to the Senior Lien Reserve Fund and Subordinate Lien Reserve Fund or such Fiscal Year.

(c) The Authority covenants to fix, charge and collect tolls, fees, rentals and other charges for the use of and for services furnished or to be furnished by the Monroe Connector System, and that from time to time and as often as it shall appear necessary, to revise such tolls, fees, rentals and other charges as may be necessary or appropriate, in order that for each Fiscal Year, beginning with the first full Fiscal Year in which the Initial Project is in operation, such tolls, fees, rentals and other charges in such Fiscal Year will not be less than the rates for such Fiscal Year assumed in the Monroe Traffic and

Revenue Study; provided if this subsection (c) requires an increase in any toll rate or other fee, such increase shall not be required to go into effect if there is delivered to the Trustee:

(i) an Officer's Certificate certifying that the Authority was in compliance with the covenants set forth in Section 704(a) and (b) for the most recent Fiscal Year for which audited financial statements are available;

(ii) a report of a Traffic Consultant stating that for each of the next three Fiscal Years, the forecasted Adjusted Revenues in each such Fiscal Year is at least 140% of the Adjusted Long-Term Debt Service Requirement with respect to all Outstanding Senior Lien Indebtedness;

(iii) a report of a Traffic Consultant stating that for each of the next three Fiscal Years, the forecasted Adjusted Revenues is at least 130% of the sum of (1) the Adjusted Long-Term Debt Service Requirement with respect to all Outstanding Senior Lien Indebtedness and (2) the amounts to be deposited in such Fiscal Year to the Senior Lien Reserve Fund and the Subordinate Lien Reserve Fund;

(iv) a report of a Traffic Consultant showing that for each of the next three Fiscal Years, the forecasted Revenues in each Fiscal Year will be sufficient to make all of the deposits in each such Fiscal Year required by clauses (a) through (k) of Section 503; and

(v) evidence that such Senior Lien Indebtedness will be rated at an investment grade rating by Fitch, Moody's or S&P.

(d) In addition to the covenants set forth in subsections (a), (b) and (c) of this Section, the Authority also covenants to fix, charge and collect tolls, fees, rentals and other charges for the use of and for services furnished or to be furnished by the Monroe Connector System, and that from time to time and as often as it shall appear necessary, to revise such tolls, fees, rentals and other charges as may be necessary or appropriate, in order that the Revenues will be sufficient in each Fiscal Year to make all of the deposits required by Section 503(a) through (k), inclusive.

(e) The Authority covenants that all users will pay for use of and services furnished by the Monroe Connector System at the tolls, rates, fees and charges established by the Authority from time to time in accordance with the Authority's customary tolling and billing practices and policies.

(f) If the Authority fails to comply with the covenants set forth in subsections (a), (b) and (c) above, it shall, within thirty (30) days of the receipt by the Authority of the audit report required by Section 706, request a Traffic Consultant to make its recommendations, if any, as to a revision of the Authority's tolls, fees, rentals and charges, its Operating Expenses or the method of operation of the Monroe Connector System in order to satisfy the foregoing requirements of this Section. Copies of such request and of the recommendations of the Traffic Consultant, if any, shall be filed by the Authority with the Trustee. Promptly upon its receipt of the recommendations of the Traffic Consultant, the Authority shall, after giving due consideration to the recommendations, revise its tolls, fees, rentals and charges or its Operating Expenses or alter its methods of operation, which revisions or alterations need not comply with the Traffic Consultant's recommendations but which are projected by the Authority to result in compliance with the covenants set forth in subsections (a), (b) and (c) of this Section. The Authority and the Traffic Consultant shall advise the Trustee of the actions taken by the Authority with respect to the recommendations of the Traffic Consultant. If the Authority shall comply with all of the recommendations of the Traffic Consultant, failure to comply with the provisions of subsections (a), (b) and (c) above shall not constitute an Event of Default under the provisions of clause (g) of Section 802.

Compliance with all of the recommendations of the Traffic Consultant shall have no effect on any Event of Default other than an Event of Default under the provisions of clause (g) of Section 802. In the event of any failure to comply with the provisions of subsections (a), (b) and (c) above and the failure of the Authority to comply with all of the recommendations of the Traffic Consultant, and in addition to the remedies elsewhere provided in this Trust Agreement, the Trustee or the Owners or Holders of not less than 25% in aggregate principal amount of the Senior Lien Indebtedness then Outstanding may, and the Trustee shall, upon the request of the Owners or Holders of not less than 25% in aggregate principal amount of the Senior Lien Indebtedness then Outstanding and upon being indemnified to its satisfaction, institute and prosecute in a court of competent jurisdiction an appropriate action to compel the Authority to comply with all of the recommendations of the Traffic Consultant in order to satisfy the foregoing requirements of this Section. The Authority covenants that it will adopt and charge tolls, fees, rentals and charges and revise its Operating Expenses or the method of operation of the Monroe Connector System in compliance with any final order, decree or judgment entered in any such proceeding or modification thereof.

(g) Subject to the provisions of Section 714, the Authority may enter into contracts or agreements or amend or rescind existing contracts or agreements for the use of the Monroe Connector System on such terms and for such periods of time as the Authority shall determine to be proper.

(h) The Authority also covenants to fix and charge tolls, fees, rentals and charges for each component of the Monroe Connector System which tolls, fees, rentals and charges shall be reasonable and non-discriminatory.

(i) Nothing contained in this Section shall obligate the Authority to take any action in violation of any applicable requirements imposed by law.

SECTION 705. *Budgets and Covenant as to Operating Expenses.* The Authority shall adopt an Annual Budget for the Monroe Connector System for each Fiscal Year. To the extent possible, the Authority shall prepare its Annual Budget so that it will be possible to determine from such Annual Budget (a) the amount of State Appropriated Revenues budgeted for deposit in the Revenue Fund during such Fiscal Year, (b) the amount of Revenues budgeted for deposit in the Revenue Fund during such year, (c) the amounts to be deposited or paid under Section 503, including the Operating Expenses, (d) the amount of Operating Expenses budgeted to be paid from NCDOT pursuant to Section 510, if any, (e) the amount of any deposits to be made to the Renewal and Replacement Fund from Revenues and (f) the amount of any deposits to be made to the Renewal and Replacement Fund pursuant to Section 511. In preparing its Annual Budget, the Authority shall give due consideration to the provisions of Section 704.

The Authority shall also adopt a Capital Improvements Budget for the Monroe Connector System for each Fiscal Year which will show, in addition to such other matters as the Authority may determine to include, (a) the amounts, if any, to be expended during such Fiscal Year from moneys, if any, deposited to the credit of the Project Fund, the Renewal and Replacement Fund or the General Reserve Fund, together with a statement of the purposes for which such amounts are to be expended in each case and (b) the amount estimated by the Authority to be necessary for the renovation, extension, improvement, enlargement, renewal or replacement of the Monroe Connector System, whether the same are to be commenced, continued or completed during such Fiscal Year or thereafter. The Capital Improvements Budget may be part of the Annual Budget. The Authority shall file copies of any Capital Improvements Budget and its Annual Budget promptly upon availability with the Trustee and together with such budgets the Authority shall provide the Trustee with calculations for any required deposits pursuant to Section 503(g), (h) and (k).

SECTION 706. Records, Accounts and Audits. The Authority shall keep the funds, accounts, subaccounts, money and investments of the Monroe Connector System separate from all other funds, accounts, money and investments, if any, of the Authority and shall keep accurate records and accounts of all items of costs and of all expenditures relating to the Monroe Connector System and of the revenues collected and the application of such revenues. Such records and accounts shall be open to the inspection of the Trustee.

The Authority shall cause its accountant, which may be the State Auditor, to prepare and deliver to the Authority within 180 days after the close of each Fiscal Year an audit of the Authority's books and accounts relating to the Monroe Connector System. Reports of each such audit shall be filed with the Trustee and the Local Government Commission, and copies of each such report shall be mailed by the Authority to any person requesting the same in writing and shall be made available for inspection at the office of the Chief Financial Officer. Each such audit report shall be accompanied by an opinion of the accountant stating that the examination of the financial statements was conducted in accordance with generally accepted auditing standards and stating whether such financial statements present fairly the financial position of the Monroe Connector System and the results of its operations and a statement of cash flows for the period covered by such audit report in conformity with generally accepted accounting principles applied on a consistent basis.

If for any reason beyond its control, the Authority is unable to obtain the foregoing opinion as to compliance with generally accepted accounting principles, the Authority shall be deemed to be in compliance with this Section if it is taking all reasonable and feasible action to obtain such opinion in subsequent Fiscal Years, and if, in lieu of a statement as to compliance and conformity, such opinion states the reasons for such noncompliance or non-conformity.

Each audit report shall contain data setting forth in respect of said Fiscal Year a calculation to determine compliance with Section 704.

There shall also be filed with the Trustee within sixty (60) days after the end of each Fiscal Year an Officer's Certificate stating to the best of such person's knowledge, (i) whether there existed at the end of the Fiscal Year, any violation of any covenants or agreements herein contained and (ii) whether at any time during the Fiscal Year, any Default occurred, and if so, the nature of such Default.

SECTION 707. Insurance.

(a) The Authority covenants that it will maintain or cause to be maintained a practical insurance program, with reasonable terms, conditions, provisions and costs, which the Authority determines (i) will afford adequate protection against loss caused by damage to or destruction of the Monroe Connector System or any part thereof and (ii) will provide the Authority reasonable protection from liability for bodily injury and property damage resulting from the construction or operation of the Monroe Connector System. Furthermore, the Authority covenants that it will maintain use and occupancy insurance covering loss of Revenues by reason of necessary interruption, total or partial, in the use of the facilities of the Monroe Connector System, due to loss or damage to any such facility in such amount as an Insurance Consultant determines will provide income during a period of interruption of not less than six months and computed on the basis of Revenues for the preceding Fiscal Year (or the estimated Revenues for the current Fiscal Year as estimated by the Insurance Consultant if the Monroe Connector System was not in operation during the preceding Fiscal Year.

All insurance policies shall be carried by a responsible insurance company or companies, whose claims paying ability is rated at least "A" by S&P, authorized and qualified to assume the risks thereof, or by the North Carolina Department of Insurance. The Authority may also participate in self-insurance

programs (except with respect to use and occupancy insurance) so long as the types and levels of such self-insurance programs are determined in writing by an Insurance Consultant to be adequate coverage for the Authority.

(b) Any insurance coverage pursuant to this Section may be subject to such deductible limitations as the Authority shall deem appropriate, or may be pursuant to a program whereby the Authority self-insures against certain losses up to a stated loss amount, and retains excess coverage from an insurer meeting the requirements of this Section.

(c) All such policies shall be for the benefit of the Authority, shall be made payable to the Authority and shall remain with the Authority, and the Authority shall have the sole right to receive the proceeds of such insurance and to collect and receipt for claims thereunder. Net Insurance Proceeds shall be applied as provided in Section 709.

(d) Within sixty (60) days of the end of each Fiscal Year, an Authorized Officer shall file with the Trustee a report listing the policies of insurance, State insurance programs or self-insurance programs currently in force, the names of any companies issuing such insurance, the amounts and expiration date or dates of such insurance, the risks covered thereby, that such insurance complies with the provisions of this Section, whether an Insurance Consultant was employed during such Fiscal Year and a copy of all such reports filed by the Insurance Consultant. Any such report may be relied upon by the Trustee as conclusive.

(e) Notwithstanding any of the foregoing provisions of this Section, the Authority shall not be required to amend or otherwise change any of the insurance provisions of its contracts, leases and other agreements in effect on the date of the issuance of the Series 2011 Bonds for the purpose of complying with the provisions of this Section and, with respect to any contract, lease or other agreement entered into by the Authority after the date of the issuance of the Series 2011 Bonds, the Authority may provide for policies which are payable to the parties of such contract, lease or other agreement as their interests may appear and may provide that the proceeds be applied in such manner as the Authority, in its opinion, believes to be in the best interest of the Authority. The Authority may require evidence of the existence of such policies and notice of cancellation in lieu of the possession of such policies.

SECTION 708. Notice of Taking; Cooperation of Parties. If any public authority or entity attempts to take all or any part of the Monroe Connector System through Eminent Domain proceedings, the Authority shall take prompt and appropriate measures to protect and enforce its rights and interests and those of the Trustee and the Owners and Holders of Bonds, Parity Debt and Junior Indebtedness and in connection with such proceedings. Upon receiving notice of the institution of Eminent Domain proceedings by any public instrumentality, body, agency or officer, the Authority shall deliver written notice thereof to the Trustee.

The Net Eminent Domain Proceeds shall be applied in accordance with the provisions of Section 709.

SECTION 709. Insurance and Eminent Domain Proceeds.

(a) If, as a result of any casualty occurring to any part of the Monroe Connector System or as a result of any taking by Eminent Domain of any part of the Monroe Connector System, the revenue-producing capabilities of the Monroe Connector System will, in the opinion of an Authorized Officer of the Authority, be materially impaired for a period in excess of one hundred twenty (120) consecutive days, all Net Insurance Proceeds received by the Authority and all Net Eminent Domain Proceeds received by the Authority, as the case may be, shall be delivered to the Trustee for deposit in the

Insurance and Condemnation Award Fund and shall be applied, to the extent permitted by law, at the election of the Authority:

(i) to replace, repair, rebuild or restore the Monroe Connector System to substantially the same condition as that which existed prior to such damage, destruction or taking, with such alterations and additions as the Authority may determine and as will not impair or otherwise adversely affect the revenue-producing capability of the Monroe Connector System, provided that prior to the commencement of such replacement, repair, rebuilding or restoration, the Authority shall deliver to the Trustee a report of a licensed architect or engineer employed by the Authority setting forth (A) an estimate of the total cost of the same, (B) the estimated date upon which such replacement, repair, rebuilding or restoration will be substantially completed, and (C) a statement to the effect that Net Insurance Proceeds or Net Eminent Domain Proceeds, as the case may be, together with other funds made available or to be made available by the Authority, are projected to be sufficient to pay the costs of the replacement, repair, rebuilding or restoration of the Monroe Connector System; or

(ii) first, to the redemption or prepayment of Senior Lien Indebtedness, if any, pro rata to the extent practicable in the manner provided in the Senior Lien Resolutions; second, to the redemption or prepayment of Subordinate Lien Indebtedness, if any, pro rata to the extent practicable in the manner provided in the Subordinate Lien Resolutions; and third, to the redemption or prepayment of Junior Indebtedness, if any, pro rata to the extent practicable; provided, however, that that Senior Lien Indebtedness, Subordinate Lien Indebtedness and Junior Indebtedness may be redeemed or prepaid only if (A) the Monroe Connector System have not been restored to substantially the same condition as prior to such damage, destruction or taking or (B) the licensed architect or engineer employed by the Authority has been unable to make the statement required by subsection (a)(i)(C) of this Section; or

(iii) to transfer to any fund or account designated by the Authority if the Monroe Connector System, as evidenced by a report of a licensed architect or engineer employed by the Authority, have been restored to substantially the same condition as prior to such damage, destruction or taking with other funds of the Authority or made available to the Authority which were not subject to the lien in favor of the Owners and Holders of Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness.

(b) All Net Insurance Proceeds and all Net Eminent Domain Proceeds which the Authority is not required to pay to the Trustee pursuant to the foregoing provisions of this Section shall be applied in such manner as the Authority believes to be in the best interests of the Authority.

If the Authority elects to apply Net Insurance Proceeds or Net Eminent Domain Proceeds, or cause them to be applied, to replace, repair, rebuild, or restore the Monroe Connector System, as provided in subsection (a)(i) above, the Authority shall cause the Trustee to make disbursements from the Insurance and Condemnation Award Fund, to the extent practicable, in accordance with the procedures and requirements set forth in Section 404 for requisitions from the Project Fund. However, to the extent such Net Insurance Proceeds or Net Eminent Domain Proceeds exceed the cost of such replacement, repair, rebuilding or restoration, the same shall be transferred to any fund or account designated by the Authority.

If the Authority elects to redeem Bonds, the Authority shall direct the Trustee to redeem Bonds in accordance with Article III of this Trust Agreement and the Supplemental Trust Agreement for any such Bonds and to transfer from the Insurance and Condemnation Award Fund to the applicable subaccounts of the Redemption Account an amount sufficient to pay the Redemption Price of the Bonds to be

redeemed and to the applicable subaccounts of the respective Interest Accounts an amount that, together with amounts then on deposit therein, is sufficient to pay interest accruing on the Bonds to be redeemed to the date fixed for redemption. If the Authority elects to redeem or prepay Parity Debt or Junior Indebtedness, the Authority shall follow the requirements for such redemption or prepayment as set forth in the applicable Parity Debt Resolution or agreement for such Parity Debt or Junior Indebtedness.

SECTION 710. *Compliance with Applicable Law.* So long as any Bond, Parity Debt or Junior Indebtedness is Outstanding, the Authority shall comply or cause there to be compliance with all applicable laws, orders, rules, regulations and requirements of any municipal or other governmental authority relating to the construction, use and operation of the Monroe Connector System. Nothing contained in this Section shall prevent the Authority from contesting in good faith the applicability or validity of any law, ordinance, order, rules regulation, or requirement so long as its failure to comply with the same during the period of such contest will not materially impair the operation or revenue-producing capability of the Monroe Connector System.

SECTION 711. *Payment of Charges and Covenant Against Encumbrances.* Except as otherwise provided in this Trust Agreement, the Authority shall not create or suffer to be created any lien or charge upon the Monroe Connector System or any part thereof, or on the Revenues, except for Permitted Encumbrances. The Authority shall discharge or cause to be discharged, or shall make adequate provision to satisfy and discharge, within sixty (60) days after the same become due and payable, all lawful costs, expenses, liabilities and charges relating to the maintenance, repair, replacement or improvement of the properties constituting the Monroe Connector System and the operation of the Monroe Connector System and lawful claims and demands for labor, materials, supplies or other objects that might by law become a lien upon the Monroe Connector System or Revenues if unpaid. Nothing contained in this Section shall require the Authority to pay or cause to be discharged, or make provision for the payment, satisfaction and discharge of, any lien, charge, cost, liability, claim or demand so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

SECTION 712. *Covenant Against Sale or Disposition and Exceptions Thereto.* The Authority covenants that, except as permitted in this Section or Section 714, it will not sell, exchange or otherwise dispose of the Monroe Connector System or any part thereof.

The Authority may from time to time sell, exchange or otherwise dispose of any equipment, motor vehicles, machinery, fixtures, apparatus, tools, instruments or other movable property if it determines that such articles are no longer needed or are no longer useful in connection with the Monroe Connector System, and the proceeds thereof may be used for any lawful purpose determined by the Authority.

The Authority may from time to time sell, exchange or otherwise dispose of (but not lease, contract or agree for the use thereof except as permitted under Section 714) any other property of the Monroe Connector System if it determines by resolution:

- (a) that the sale, exchange or other disposition thereof would not materially adversely affect the operating efficiency of the Monroe Connector System and would not materially reduce Revenues; or
- (b) that the sale, exchange or other disposition thereof would not materially adversely affect the ability of the Authority to comply with the rate covenant set forth in Section 704 for the current and next succeeding Fiscal Year.

If the fair market value of any item of real or personal property to be sold, exchanged or otherwise disposed of in any Fiscal Year in accordance with the provisions of this Section shall be in

excess of 3% of net property, plant and equipment of the Monroe Connector System calculated in accordance with generally accepted accounting principles, or if the fair market value of any such item together with the fair market value of all other such items so disposed of in such Fiscal Year shall aggregate in excess of 3% of net property, plant and equipment of the Monroe Connector System calculated in accordance with generally accepted accounting principles, then no such disposal shall be effected without first obtaining the written approval of a Traffic Consultant of the determinations to be made by the Authority with respect to such disposition under the provisions of this Section.

SECTION 713. *Additional Projects: Additions to the Monroe Connector System.* All buildings, structures and items of personal property that are constructed, placed or installed in or upon the properties constituting the Monroe Connector System as an addition or improvement to, as a substitute for, or in renewal, replacement or alteration of, any buildings, structures, and personal property constituting part of the Monroe Connector System, and all real property acquired as an addition to, in replacement of, or as a substitute for real property constituting a part of the Monroe Connector System shall thereupon become part of the Monroe Connector System.

SECTION 714. *Contracts, Leases and Other Agreements.* The Authority may lease, as lessor, all or any part of the Monroe Connector System, or contract or agree for the performance by others, of operations or services on or in connection with the Monroe Connector System or any part thereof, for any lawful purpose, provided, that:

(a) the Authority shall remain fully obligated and responsible under this Trust Agreement to the same extent as if such lease, contract or agreement, or any amendment or rescission thereof, had not been executed, and

(b) the obligation of the Authority under such lease, contract or agreement shall not impair the performance of the Authority's obligations under this Trust Agreement.

SECTION 715. *Financing of Non-System Projects, Addition of Non-System Projects to the Monroe Connector System.* Nothing in this Trust Agreement expressed or implied shall be construed as prohibiting the Authority, if then authorized or permitted by law, from financing the acquisition or construction of any Non-System Project in accordance with the provisions of this Section.

No Non-System Projects shall be financed by the Authority unless there shall be filed with the Authority and the Trustee:

(a) an opinion of counsel to the Authority to the effect that the Non-System Project or the indebtedness or other obligations incurred to finance such Non-System Project are not, directly or indirectly, secured by or payable from Revenues or issued under or secured by the provisions of this Trust Agreement and that the financing of the Non-System Project will not materially conflict with or constitute on the part of the Authority a breach of or default under any of the covenants or provisions of this Trust Agreement,

(b) a statement, signed by a Traffic Consultant, to the effect that in its opinion the acquisition or construction of such Non-System Project will not materially adversely affect the Revenues or impair the operating efficiency of the Monroe Connector System;

(c) a statement, signed by a Traffic Consultant, to the effect that in its opinion the estimated gross revenues to be received from the operation of the Non-System Project will be sufficient to pay the estimated operating and maintenance expenses of such Non-System Project, any debt service or reserve requirements with respect thereto and any other necessary related costs and expenses; and

(d) an Opinion of Bond Counsel.

If Non-System Projects are financed by the Authority, the Authority shall put in place necessary measures in order to account for, and keep separate and apart from Revenues and Operating Expenses, the gross revenues received from the operation of such Non-System Projects, as well as the operating and maintenance expenses of such Non-System Projects, any debt service or reserve requirements with respect thereto and any other necessary related costs and expenses.

Upon compliance with the following conditions, the Authority may determine that a Non-System Project shall be redesignated as an Additional Project within the meaning of this Trust Agreement upon which such Non-System Project shall become a part of the Monroe Connector System:

(i) the Authority Board shall adopt a resolution redesignating such Non-System Project as an Additional Project and a part of the Monroe Connector System;

(ii) there shall be filed with the Trustee a certificate or report of a Traffic Consultant stating that for the last succeeding Fiscal Year for which audited financial statements are available, the revenues received by the Authority with respect to such Non-System Project (to the extent that such revenues would have constituted Revenues if such Non-System Project were part of the Monroe Connector System) equaled or exceeded for such period the sum of (A) the operating expenses paid by the Authority with respect to such Non-System Project (to the extent that such operating expenses would have constituted Operating Expenses if such Non-System Project were part of the Monroe Connector System), (B) any additional Operating Expenses that would have been incurred by the Authority if such Non-System Project had been a part of the Monroe Connector System (as estimated by the Traffic Consultant) and (C) a reasonable renewal and replacement reserve deposit with respect to such Non-System Project, as determined by such Traffic Consultant;

(iii) an Officer's Certificate stating that any outstanding indebtedness relating to such Non-System Project has been duly paid or defeased; provided, however, that the Authority may incur Subordinate Lien Indebtedness for the purpose of refinancing any outstanding indebtedness incurred to finance a Non-System Project upon compliance with the provisions of Section 717; and

(iv) an Opinion of Bond Counsel.

SECTION 716. Limitation on Senior Lien Indebtedness. Subject to the conditions hereinafter provided and Section 201, the Authority shall have the right to incur Senior Lien Indebtedness, subsequent to the issuance of the Series 2011 Bonds, for any purpose for which Bonds may be issued under Section 208, as provided in this Section.

(a) Long-Term Indebtedness constituting Senior Lien Indebtedness may be incurred if prior to incurrence there is delivered to the Trustee:

(i) an Officer's Certificate certifying that the Authority was in compliance with the covenants set forth in Section 704(a), (b) and (c) for the most recent Fiscal Year for which audited financial statements are available;

(ii) a report of a Traffic Consultant stating that for each Fiscal Year next succeeding the date on which such Long-Term Indebtedness is incurred through the final maturity date of any Long-Term Indebtedness, the forecasted Adjusted Revenues in each such Fiscal Year is at least

140% of the Adjusted Long-Term Debt Service Requirement with respect to all Outstanding Long-Term Indebtedness constituting Senior Lien Indebtedness (excluding any Long-Term Indebtedness constituting Senior Lien Indebtedness to be refunded by the Long-Term Indebtedness to be incurred) and the Long-Term Indebtedness proposed to be incurred;

(iii) a report of a Traffic Consultant stating that for each Fiscal Year next succeeding the date on which such Long-Term Indebtedness is incurred through the final maturity date of any Long-Term Indebtedness, the forecasted Adjusted Revenues is at least 130% of the sum of (1) the Adjusted Long-Term Debt Service Requirement with respect to all Outstanding Senior Lien Indebtedness and Subordinate Lien Indebtedness (excluding any Long-Term Indebtedness to be refunded by the Long-Term Indebtedness to be incurred) and the Long-Term Indebtedness to be incurred and (2) the amounts to be deposited in such Fiscal Year to the Senior Lien Reserve Fund and the Subordinate Lien Reserve Fund;

(iv) a report of a Traffic Consultant showing that for each Fiscal Year next succeeding the date on which such Long-Term Indebtedness is incurred through the final maturity date of any Long-Term Indebtedness, the forecasted Revenues in each Fiscal Year will be sufficient to make all of the deposits in each such Fiscal Year required by clauses (a) through (k) of Section 503; and

(v) evidence that such Senior Lien Indebtedness will be rated at an investment grade rating by Fitch, Moody's or S&P;

provided that to the extent such Senior Lien Indebtedness is for the purpose of refunding Monroe GARVEE Bonds, then only subsection (v) need be complied with.

(b) Completion Indebtedness constituting Senior Lien Indebtedness may be incurred in an amount not exceeding 5% of the aggregate principal amount of the Long-Term Indebtedness constituting Senior Lien Indebtedness originally incurred by the Authority to finance the costs of the Initial Project or any Additional Project; provided, however, that prior to the incurrence of such Completion Indebtedness, the Authority shall furnish to the Trustee (i) a certificate of a licensed architect or engineer estimating the costs of completing the facilities for which such Completion Indebtedness is to be incurred and (ii) an Officer's Certificate certifying that the amount of such Completion Indebtedness to be incurred will be sufficient, together with other funds, if applicable, to complete construction of the facilities as estimated by the architect or engineer in respect of which such Completion Indebtedness is to be incurred and (iii) evidence that such Senior Lien Indebtedness will be rated at an investment grade rating by such credit rating agency.

(c) Long-Term Indebtedness constituting Senior Lien Indebtedness may be incurred for the purpose of refunding all or any part of any Outstanding Long-Term Indebtedness constituting Senior Lien Indebtedness so as to render it no longer Outstanding if prior to incurrence thereof, an Officer's Certificate is delivered to the Trustee (i) stating that the proceeds of such Long-Term Indebtedness, together with interest earnings on the Defeasance Obligations to be acquired and other available funds, will be sufficient to pay the principal of and interest and any premium on the Long-Term Indebtedness to be refunded to the redemption or maturity date or dates and the expenses incident to the refunding, and (ii) stating that either (A) the Adjusted Long-Term Debt Service Requirement for each Fiscal Year thereafter on account of all Long-Term Indebtedness constituting Senior Lien Indebtedness to be Outstanding after the incurrence of such Long-Term Indebtedness to accomplish the refunding and after the refunding of such Long-Term Indebtedness will not be greater than as determined immediately prior to the incurrence of such Long-Term Indebtedness to accomplish such refunding, or (B) the incurrence of such Long-Term Indebtedness to accomplish the refunding will satisfy the requirements of subsection (a) of this

Section and (iii) evidence that such Senior Lien Indebtedness will be rated at an investment grade rating by at least one nationally recognized securities credit rating agency.

(d) Short-Term Indebtedness constituting Senior Lien Indebtedness may be incurred if, (i) immediately after the incurrence of such Short-Term Indebtedness, the Outstanding principal amount of all Short-Term Indebtedness constituting Senior Lien Indebtedness does not exceed \$5,000,000; provided, however, that for a period of twenty (20) consecutive calendar days in each Fiscal Year, no such Short-Term Indebtedness shall be Outstanding, (ii) the proceeds of the Short-Term Indebtedness are to be used to pay Operating Expenses, and (iii) evidence that such Senior Lien Indebtedness will be rated at an investment grade rating by Fitch, Moody's or S&P nationally recognized securities credit rating agency.

(e) Put Indebtedness constituting Senior Lien Indebtedness may be incurred if prior to the incurrence of such Put Indebtedness (i) the conditions described in subsections (a), (b) or (c) of this Section are met and (ii) a Credit Facility exists to provide financing sufficient to pay the purchase price or principal of such Put Indebtedness on any date on which the Owner or Holder of such Put Indebtedness may demand payment thereof pursuant to the terms of such Put Indebtedness.

Whenever subsection (a) requires a certification for the most recent Fiscal Year preceding the date of incurrence of the Senior Lien Indebtedness in question for which audited financial statements are available, the Authority may, in its discretion, provide a certificate, opinion or report of an independent accountant, in lieu of the audit for such Fiscal Year, on financial statements covering twelve (12) consecutive calendar months of the eighteen (18) full consecutive calendar months preceding the date of incurrence of the Senior Lien Indebtedness in question.

The Authority may enter into Derivative Agreements with respect to Derivative Indebtedness constituting Senior Lien Indebtedness and providing for Derivative Agreement Regularly Scheduled Payments to be made as Senior Lien Derivative Agreement Regularly Scheduled Payments without compliance with any of the provisions of this Section 716.

SECTION 717. Limitation on Subordinate Lien Indebtedness. Subject to the conditions hereinafter provided, the Authority shall have the right to incur Subordinate Lien Indebtedness, subsequent to the issuance of the Series 2011 Bonds, for any purpose for which Bonds may be issued under Section 208, as provided in this Section.

(a) Long-Term Indebtedness constituting Subordinate Lien Indebtedness may be incurred if prior to incurrence there is delivered to the Trustee:

(i) an Officer's Certificate certifying that the Authority was in compliance with the covenants set forth in Section 704(a), (b) and (c) for the most recent Fiscal Year for which audited financial statements are available;

(ii) a report of a Traffic Consultant stating that for each Fiscal Year next succeeding the date on which such Long-Term Indebtedness is incurred through the final maturity date of any Long-Term Indebtedness, the forecasted Adjusted Revenues in each such Fiscal Year is at least 130% the Adjusted Long-Term Debt Service Requirement with respect to all Outstanding Senior Lien Indebtedness and Subordinate Lien Indebtedness (excluding any Long-Term Indebtedness to be refunded by the Long-Term Indebtedness to be incurred) and the Long-Term Indebtedness to be incurred; and

(iii) a report of a Traffic Consultant stating that for each Fiscal Year next succeeding the date on which such Long-Term Indebtedness is incurred through the final maturity date of any

Long-Term Indebtedness, the forecasted Revenues in each Fiscal Year will be sufficient to make all of the deposits in each such Fiscal Year required by clauses (a) through (i) of Section 503.

(b) Completion Indebtedness constituting Subordinate Lien Indebtedness may be incurred in an amount not exceeding 5% of the aggregate principal amount of the Long-Term Indebtedness constituting Subordinate Lien Indebtedness originally incurred by the Authority to finance the costs of the Initial Project or any Additional Project; provided, however, that prior to the incurrence of such Completion Indebtedness, the Authority shall furnish to the Trustee (i) a certificate of a licensed architect or engineer estimating the costs of completing the facilities for which such Completion Indebtedness is to be incurred and (ii) an Officer's Certificate certifying that the amount of such Completion Indebtedness to be incurred will be sufficient, together with other funds, if applicable, to complete construction of the facilities as estimated by the architect or engineer in respect of which such Completion Indebtedness is to be incurred.

(c) Long-Term Indebtedness constituting Subordinate Lien Indebtedness may be incurred for the purpose of refunding all or any part of any Outstanding Long-Term Indebtedness constituting Senior Lien Indebtedness or Subordinate Lien Indebtedness so as to render it no longer Outstanding if prior to incurrence thereof, an Officer's Certificate is delivered to the Trustee (i) determining that the proceeds of such Long-Term Indebtedness, together with interest earnings on the Defeasance Obligations to be acquired and other available funds, will be sufficient to pay the principal of and interest and any premium on the Long-Term Indebtedness to be refunded to the redemption or maturity date or dates and the expenses incident to the refunding, and (ii) stating that either (A) the Adjusted Long-Term Debt Service Requirement for each Fiscal Year thereafter on account of all Long-Term Indebtedness to be Outstanding after the incurrence of such Long-Term Indebtedness to accomplish the refunding and after the refunding of such Long-Term Indebtedness will not be greater than the Adjusted Long-Term Debt Service Requirement on account of all Long-Term Indebtedness Outstanding as determined immediately prior to the incurrence of such Long-Term Indebtedness to accomplish such refunding, or (B) the incurrence of such Long-Term Indebtedness to accomplish the refunding will satisfy the requirements of subsection (a) of this Section.

(d) Short-Term Indebtedness constituting Subordinate Lien Indebtedness may be incurred if, immediately after the incurrence of such Short-Term Indebtedness, the Outstanding principal amount of all Short-Term Indebtedness constituting Subordinate Lien Indebtedness does not exceed 25% of the General Reserve Fund balance at the end of the most recent Fiscal Year preceding the date of incurrence of such Short-Term Indebtedness for which audited financial statements are available; provided, however, that for a period of twenty (20) consecutive calendar days in each Fiscal Year, no such Short-Term Indebtedness shall be Outstanding.

(e) Put Indebtedness constituting Subordinate Lien Indebtedness may be incurred if prior to the incurrence of such Put Indebtedness (i) the conditions described in subsections (a), (b) or (c) of this Section are met and (ii) a Credit Facility exists to provide financing sufficient to pay the purchase price or principal of such Put Indebtedness on any date on which the Owner or Holder of such Put Indebtedness may demand payment thereof pursuant to the terms of such Put Indebtedness.

Whenever subsection (a) requires a certification for the most recent Fiscal Year preceding the date of incurrence of the Subordinate Lien Indebtedness in question for which audited financial statements are available, the Authority may, in its discretion, provide a certificate, opinion or report of an independent accountant, in lieu of the audit for such Fiscal Year, on financial statements covering twelve (12) consecutive calendar months of the eighteen (18) full consecutive calendar months preceding the date of incurrence of the Subordinate Lien Indebtedness in question.

Notwithstanding the foregoing, the Authority may enter into Derivative Agreements with respect to Derivative Indebtedness constituting Subordinate Lien Indebtedness and providing for Derivative Agreement Regularly Scheduled Payments to be made as Subordinate Lien Derivative Agreement Regularly Scheduled Payments without compliance with any of the provisions of this Section.

SECTION 718. Limitations on Junior Indebtedness; Springing Parity Status of TIFIA Indebtedness.

(a) Junior Indebtedness other than TIFIA Indebtedness may be incurred without restriction. TIFIA Indebtedness may be incurred if there is delivered to the Trustee a report of a Traffic Consultant stating that for each Fiscal Year next succeeding the date on which such TIFIA Indebtedness is incurred through the final maturity date of any Long-Term Indebtedness, the forecasted Revenues in each Fiscal Year will be sufficient to make all of the deposits in each such Fiscal Year required by clauses (a) through (l) of Section 503 for all Senior, Subordinate and TIFIA.

(b) In the case of the occurrence and continuance of a Bankruptcy-Related Event, all TIFIA Indebtedness shall automatically and without notice be deemed to constitute Senior Lien Parity Debt, and the Holder of such TIFIA Indebtedness shall be entitled to all rights of a Holder of Senior Lien Parity Debt, except that the Holders of TIFIA Indebtedness shall have no rights in, or claim to, any amounts held in the Senior Lien Reserve Fund or any Separate Reserve Fund.

SECTION 719. Employment of Consultants. For the purpose of performing and carrying out the duties imposed upon an Insurance Consultant under this Trust Agreement, the Authority shall from time to time employ an Insurance Consultant. A signed copy of any reports of any Insurance Consultant required hereby shall be filed with the Authority and the Trustee. Except for any fees and expenses incurred under the provisions of Section 403, the cost of employing any Insurance Consultant shall be treated as an Operating Expense of the Monroe Connector System.

Except for any fees and expenses incurred under the provisions of Section 403, the cost of employing any Traffic Consultant or General Engineering Consultant shall be treated as an Operating Expense of the Monroe Connector System. The Insurance Consultant, Traffic Consultant and General Engineering Consultant shall at all times have free access to all properties constituting the Monroe Connector System for the purposes of inspection and examination, and the books, public records and accounts of the Authority relating to the Monroe Connector System may be examined by such consultants at all reasonable times.

SECTION 720. Further Instruments and Actions. The Authority shall, from time to time, execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of this Trust Agreement.

SECTION 721. Use of Revenues and Inconsistent Actions. The Authority covenants and agrees that, so long as any of the Bonds or Parity Debt secured hereby are Outstanding or any Derivative Agreement relating to Bonds or Parity Debt is in effect, none of the Revenues will be used for any purpose other than as provided in this Trust Agreement; and that no contract or contracts will be entered into or any action taken by which the rights of Owners or Holder of Bonds, Parity Debt or Junior Indebtedness or the payee of any such Derivative Agreement Regularly Scheduled Payments might be impaired or diminished.

SECTION 722. State Appropriated Revenues. The Authority and NCDOT covenant that as part its preparation of the next fiscal year's Annual Budget they will budget, subject to receipt, for debt service

on Indebtedness issued or incurred hereunder, the amount of the State Appropriated Revenues expected to be deposited to the Revenue Fund from the State Appropriation Revenue Bond Trust Agreement.

SECTION 723. Continuing Disclosure for Series 2011 Bonds. The Authority hereby undertakes, for the benefit of the beneficial owners of the Series 2011 Bonds, to provide to the Municipal Securities Rulemaking Board (the “MSRB”):

(a) by not later than seven months from the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2012, audited financial statements of the Authority for such Fiscal Year, if available, prepared in accordance with NCGS Section 159-34, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the Authority are not available by seven months from the end of such Fiscal Year, unaudited financial statements of the Authority for such Fiscal Year to be replaced subsequently by audited financial statements of the Authority to be delivered within fifteen (15) days after such audited financial statements become available for distribution;

(b) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Series 2011 Bonds:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) issuance by the Internal Revenue Service of a proposed or final determination of taxability with respect to the Series 2011 Bonds; a Notice of Proposed Issues on IRS Form 5701-TEB with respect to the Series 2011 Bonds; adverse tax opinions or events affecting the tax status of the Series 2011 Bonds; or other event affecting the tax status of the Series 2011 Bonds;
- (vi) defeasances;
- (vii) rating changes;
- (viii) tender offers; and
- (ix) bankruptcy, insolvency, receivership or similar proceeding by the Authority;

(c) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Series 2011 Bonds, if material:

- (i) non-payment related defaults;
- (ii) modification to the rights of the beneficial owners of the Series 2011 Bonds;
- (iii) bond calls, other than bond calls relating to mandatory sinking fund redemption;
- (iv) release, substitution or sale of any property securing repayment of the Series 2011 Bonds;

(v) mergers, consolidations, acquisition and sales of assets (other than in the ordinary course of business);

(vi) appointment of a successor or additional trustee or a change in the name of the trustee;

(vii) legislation shall be filed with the North Carolina General Assembly by the Governor of North Carolina or legislation is reported out of a committee in either body of the General Assembly which, if adopted in the form so filed or reported, would result in a reduction or delay in the receipt of \$24 million in State Appropriated Revenues in any Bond Year; and

(viii) an administrative action is taken by the Governor of North Carolina, NCDOT or any other agency or authority of the State which will result in a reduction or delay in the receipt of \$24 million in State Appropriated Revenues in any Bond Year.

(d) within ten (10) Business Days following the occurrence of a failure, notice of a failure of the Authority to provide required annual financial information described in (a), (b) or (c) above on or before the date specified.

The Authority may meet the continuing disclosure filing requirements described above by (a) providing the required information directly to the NRMSIRs or SID, if any, or, to the extent permitted by the United States Securities and Exchange Commission, or SID or (b) complying with any other procedure the U.S. Securities and Exchange Commission implements.

If the Authority fails to comply with the undertaking described above, any beneficial owner of the Series 2011 Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an Event of Default under this Trust Agreement and shall not result in any acceleration of the Series 2011 Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Series 2011 Bonds.

The Authority reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Authority, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("*Rule 15c2-12*") as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the Owners of the Bonds, as determined by the Trustee or bond counsel to the Authority, or by approving vote of the Owners of a majority in principal amount of the Series 2011 Bonds then Outstanding pursuant to the terms of this Trust Agreement at the time of the amendment.

In the event that the Authority makes such a modification, the annual financial information containing the modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial

information being provided. The provisions of this Section shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Series 2011 Bonds.

SECTION 724. Tax Covenants. The Authority covenants that so long as any of the Series 2011 Bonds remain Outstanding, money on deposit in any fund, account or subaccount maintained in connection with the Series 2011 Bonds, regardless of whether such money was derived from the proceeds of the sale of the Series 2011 Bonds or from any other sources, will not be used in a manner that would cause any of the Series 2011 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, and applicable regulations promulgated from time to time thereunder, except for moneys on deposit in such funds, accounts or sub accounts with respect to any Series 2011 Bonds not intended to be tax-exempt under the provisions of the Code. The Authority further covenants and agrees to comply with the requirements of Section 148 of the Code and applicable regulations promulgated from time to time thereunder under the provisions of the Code.

ARTICLE VIII DEFAULTS AND REMEDIES

SECTION 801. Extension of Interest Payment. If the time for the payment of the interest on any Bond, Parity Debt or Junior Indebtedness is extended, whether or not such extension is by or with the consent of the Authority, such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Trust Agreement and in such case the Owner of the Bond, Parity Debt or Junior Indebtedness for which the time for payment of interest was extended shall be entitled only to the payment in full of the principal of all Bonds, Parity Debt and Junior Indebtedness then Outstanding and of interest for which the time for payment shall not have been extended. The time for the payment of the interest on any Bond or Parity Debt shall not be extended in respect of any Bond or Parity Debt covered by a Bond Insurance Policy or Credit Facility without the consent of the Bond Insurer or the Credit Provider.

SECTION 802. Events of Default. Each of the following events is hereby declared an Event of Default:

- (a) payment of the principal of and the redemption premium, if any, on any of the Bonds, is not made when the same are due and payable, either at maturity or by redemption or otherwise;
- (b) payment of the interest on any of the Bonds is not made when the same is due and payable;
- (c) final judgment for the payment of money in excess of \$1,000,000 is rendered against the Monroe Connector System as a result of the ownership, control or operation of the Monroe Connector System, and any such judgment is not discharged within one hundred twenty (120) days from the entry thereof or an appeal is not taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof;
- (d) the occurrence of a Bankruptcy-Related Event;
- (e) receipt by the Trustee of written notice from the Holder of any Parity Debt or Junior Indebtedness that any event of default has occurred and is continuing under such Parity Debt or Parity Debt Resolution or agreement with respect to Junior Indebtedness, including the failure to pay when due and payable the principal of, premium, if any, and interest on such Parity Debt or Junior Indebtedness;

(f) the failure of the State to appropriate the State Appropriation Revenues or a failure of NCDOT to pay a payment required to be paid by NCDOT under Sections 402, 510 and 511;

(g) receipt by the Trustee of written notice from the counterparty under any Derivative Agreement that the Authority has failed to make any Senior Lien Derivative Agreement Regularly Scheduled Payment or Subordinate Lien Derivative Agreement Regularly Scheduled Payment when due;

(h) the Authority defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or this Trust Agreement, including any Supplemental Trust Agreement, and such default continues for thirty (30) days after receipt by the Authority of a written notice from the Trustee specifying such default and requesting that it be corrected, provided that if prior to the expiration of such 30-day period the Authority institutes action reasonably designed to cure such default, no "Event of Default" shall be deemed to have occurred upon the expiration of such 30-day period for so long as the Authority pursues such curative action with reasonable diligence; and

(i) an Event of Default occurs under the Bond Purchase Agreement with respect to the Series 2011 Bonds dated November 15, 2011, between the Authority, the Local Government Commission and the Initial 2011 Purchaser.

SECTION 803. *No Acceleration of Maturities.* Notwithstanding anything in this Trust Agreement or in any Supplemental Trust Agreement, Parity Debt Resolution or agreement with respect to Junior Indebtedness to the contrary, in no event shall there be any acceleration of payment of principal or interest on any Bonds, Parity Debt or Junior Indebtedness as a result of the occurrence of any Event of Default under Section 802 or otherwise.

SECTION 804. *Remedies.* Upon the happening and continuance of any Event of Default specified in Section 802, then and in every such case the Trustee may, and upon the written request of the Owners or Holders of not less than 25% in aggregate principal amount of the Bonds and Parity Debt then Outstanding shall (subject to the provisions of Section 902), proceed to protect and enforce its rights and the rights of the Owners or Holders of the Bonds, Parity Debt and Junior Indebtedness under applicable laws and under this Trust Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, chosen by the Trustee, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Trust Agreement, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any Event of Default becoming, and at any time remaining, due from the Authority for principal, interest or otherwise under any of the provisions of this Trust Agreement or of the Bonds, Parity Debt and Junior Indebtedness and unpaid, with interest on overdue payments of principal at the rate or rates of interest specified in such Bonds, Parity Debt and Junior Indebtedness, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, Parity Debt and Junior Indebtedness, without prejudice to any other right or remedy of the Trustee or of the Owners or Holders of the Bonds, Parity Debt and Junior Indebtedness (except to the extent provided in this Trust Agreement), and to recover and enforce any judgment or decree against the Authority, but solely as provided herein and in such Bonds, Parity Debt and Junior Indebtedness, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from moneys in the funds and accounts pledged to secure the Bonds, Parity Debt and Junior Indebtedness under the provisions of this Trust Agreement and any Supplemental Trust Agreement, Parity Debt Resolution or agreement with respect to Junior

Indebtedness and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

If an Event of Default shall occur and be continuing, then, unless the same shall then be prohibited under applicable law, a court of competent jurisdiction may appoint a receiver to administer and operate the Monroe Connector System on behalf of the Authority, with full power to pay and to provide for the payment of principal of and interest on the Bonds, Parity Debt and Junior Indebtedness and Derivative Agreement Regularly Scheduled Payments as the same shall become due, whether at maturity, pursuant to mandatory sinking fund redemption or otherwise, out of the funds and accounts available therefor, and the Operating Expenses of the Monroe Connector System, to apply Revenues derived from such operation in accordance with the provisions of this Trust Agreement and any Supplemental Trust Agreement, Parity Debt Resolution, agreement with respect to Junior Indebtedness or Derivative Agreement, and to take such action to the extent permitted by law to cause to be remedied any Event of Default which shall occur or shall have occurred and be continuing; and with such other powers, subject to the direction of said court, as are accorded to receivers in general equity cases and under the applicable provisions of the laws of North Carolina; provided, that the power of such receiver to make provisions for the payment of principal of and interest on Bonds, Parity Debt, Junior Indebtedness and Derivative Agreement Regularly Scheduled Payments as aforesaid shall not be construed as including the power to pledge the general credit of the Authority to such payments. Any appointment of a receiver under the foregoing provision shall not, by itself, constitute a separate Event of Default under Section 802.

SECTION 805. *Pro Rata Application of Funds.*

(a) Anything in this Trust Agreement to the contrary notwithstanding, if at any time the money in the Interest Account, the Principal Account and the Sinking Fund Account of the Senior Lien Debt Service Fund is not sufficient to pay the interest on or the principal of the Senior Lien Bonds as the same become due and payable, such money, together with any money then available or thereafter becoming available for such purposes (except for such money that has already been deposited in subaccounts of the Interest Account, Principal Account or Sinking Fund Account for a particular Series of Senior Lien Bonds pursuant to the provisions of Section 503), whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied, after payment of the reasonable fees and expenses of the Trustee in exercising its rights and remedies hereunder and the payment of any other outstanding fees and expenses of the Trustee:

first: to the payment to the persons entitled thereto of all installments of interest on Senior Lien Bonds then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Senior Lien Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any Senior Lien Bonds that shall have become due and payable (other than Bonds deemed to have been paid pursuant to the provisions of Section 1201 of this Trust Agreement), in the order of their due dates, with interest on the overdue principal at a rate equal to the rate on such Senior Lien Bonds, and, if the amount available shall not be sufficient to pay in full all of the amounts due on the Senior Lien Bonds on any date, together with such interest, then to the payment ratably according to the amount of such principal due on such date, to the persons entitled thereto, without any discrimination or preference; and

third: to the payment of the interest on and the principal of Senior Lien Bonds, to the purchase and retirement of Senior Lien Bonds, and to the redemption of Senior Lien Bonds, all in accordance with the provisions of this Trust Agreement.

(b) Anything in this Trust Agreement to the contrary notwithstanding, if at any time the money in the Interest Account, the Principal Account and the Sinking Fund Account of the Subordinate Lien Debt Service Fund is not sufficient to pay the interest on or the principal of the Subordinate Lien Bonds as the same become due and payable, such money, together with any money then available or thereafter becoming available for such purposes (except for such money that has already been deposited in subaccounts of the Interest Account, Principal Account or Sinking Fund Account for a particular Series of Subordinate Lien Bonds pursuant to the provisions of Section 503), whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied, after payment of the reasonable fees and expenses of the Trustee in exercising its rights and remedies hereunder:

first: to the payment to the persons entitled thereto of all installments of interest on Subordinate Lien Bonds then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Subordinate Lien Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any Subordinate Lien Bonds that shall have become due and payable (other than Bonds deemed to have been paid pursuant to the provisions of Section 1201 of this Trust Agreement), in the order of their due dates, with interest on the overdue principal at a rate equal to the rate on such Subordinate Lien Bonds, and, if the amount available shall not be sufficient to pay in full all of the amounts due on the Subordinate Lien Bonds on any date, together with such interest, then to the payment ratably according to the amount of such principal due on such date, to the persons entitled thereto, without any discrimination or preference; and

third: to the payment of the interest on and the principal of Subordinate Lien Bonds, to the purchase and retirement of Subordinate Lien Bonds, and to the redemption of Subordinate Lien Bonds, all in accordance with the provisions of this Trust Agreement.

(c) Anything in this Trust Agreement to the contrary notwithstanding, if at any time amounts held therefor are not sufficient to pay the interest on or the principal of all Junior Indebtedness as the same become due and payable, such money, together with any money then available or thereafter becoming available for such purposes, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied, after payment of the reasonable fees and expenses of the Trustee in exercising its rights and remedies hereunder:

first: to the payment of all installments of interest on the Junior Indebtedness then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Junior Indebtedness;

second: to the payment to the persons entitled thereto of the unpaid principal of any Junior Indebtedness that shall have become due and payable, in the order of their due dates, with interest on the overdue principal at a rate equal to the rate on such Junior Indebtedness, and, if the

amount available shall not be sufficient to pay in full all of the amounts due on the Junior Indebtedness on any date, together with such interest, then to the payment ratably according to the amount of such principal due on such date, to the persons entitled thereto, without any discrimination or preference.

(d) Whenever money is to be applied by the Trustee pursuant to the provisions of this Section 805, such money shall be applied by the Trustee at such times and from time to time as the Trustee in its sole discretion shall determine, having due regard for the amount of money available for such application and the likelihood of additional money becoming available for such application in the future, (b) setting aside such money as provided herein in trust for the proper purpose shall constitute proper application by the Trustee and (c) the Trustee shall incur no liability whatsoever to the Authority, to any Owner or to any other person for any delay in applying any such money so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Trust Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee exercises such discretion in applying such money, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date and shall not be required to make payment to the Owner of any Bond until such Bond is surrendered to the Trustee for appropriate endorsement or for cancellation if fully paid.

SECTION 806. Effect of Discontinuance of Proceedings. If any proceeding taken by the Trustee or Owners or Holders of Bonds, Parity Debt or Junior Indebtedness on account of any Event of Default is discontinued or abandoned for any reason, then and in every such case, the Authority, the Trustee and the Owners and the Holders of Bonds, Parity Debt and Junior Indebtedness shall be restored to their former positions and rights hereunder, and all rights, remedies, powers and duties of the Trustee shall continue as though no proceedings had been taken.

SECTION 807. Control of Proceedings. Anything in this Trust Agreement to the contrary notwithstanding, the Owners or Holders of a majority in aggregate principal amount of Bonds and Parity Debt at any time Outstanding shall have the right, subject to the provisions of Section 902, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall be in accordance with law and the provisions of this Trust Agreement.

SECTION 808. Restrictions Upon Action. Except as provided in Section 813, no Owner or Holder of Bonds, Parity Debt or Junior Indebtedness shall have any right to institute any suit, action or proceeding in equity or at law on any Bonds, Parity Debt or Junior Indebtedness or for the execution of any trust hereunder or for any other remedy hereunder unless such Owner or Holder of Bonds, Parity Debt or Junior Indebtedness previously shall (a) has given to the Trustee written notice of the Event of Default on account of which suit, action or proceeding is to be instituted, (b) has requested the Trustee to take action after the right to exercise such powers or right of action, as the case may be, shall have accrued, (c) has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceedings in its or their name, and (d) has offered to the Trustee reasonable security and satisfactory indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the trustee, to be conditions precedent to the execution of the powers and trusts of this Trust Agreement or to any other remedy hereunder. Notwithstanding the foregoing provisions of this Section and without complying therewith, the Owners or Holders of not less than 25% in aggregate principal amount of Bonds and Parity Debt then Outstanding may institute any such suit,

action or proceeding in their own names for the benefit of all Owners or Holders of Bonds, Parity Debt and Junior Indebtedness. It is understood and intended that, except as otherwise above provided, no one or more Owners or Holders of Bonds, Parity Debt or Junior Indebtedness shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of this Trust Agreement or to enforce any right hereunder except in the manner provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Owners and Holders of Bonds, Parity Debt and Junior Indebtedness and that any individual rights of action or other right given to one or more of such Owners or Holders by law are restricted by this Trust Agreement to the rights and remedies herein provided.

SECTION 809. Enforcement of Rights of Action. All rights of action (including the right to file proof of claim) under this Trust Agreement or under any Bonds, Parity Debt and Junior Indebtedness may be enforced by the Trustee without the possession of any Bonds, Parity Debt or Junior Indebtedness or the production thereof in any proceedings relating thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Owners or Holders of Bonds, Parity Debt or Junior Indebtedness, and any recovery of judgment shall be for the equal benefit of the Owners or Holders of Bonds, Parity Debt and Junior Indebtedness, subject to the provisions of this Trust Agreement.

SECTION 810. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners or Holders of Bonds, Parity Debt and Junior Indebtedness is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

SECTION 811. Delay Not a Waiver. No delay or omission by the Trustee or of any Owner or Holder of Bonds, Parity Debt or Junior Indebtedness in the exercise of any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein, and every power or remedy given by this Trust Agreement to the Trustee and to the Owners or Holders of Bonds, Parity Debt or Junior Indebtedness may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Owners or Holder of not less than a majority in principal amount of the Bonds and Parity Debt then Outstanding shall, waive any Event of Default which in its opinion has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Trust Agreement or before the completion of the enforcement of any other remedies under this Trust Agreement, but no such waiver shall extend to or affect any other existing or subsequent Event of Default or impair any rights or remedies consequent thereon.

SECTION 812. Notice of Default. The Trustee shall mail to (a) all Owners of Bonds at their addresses as they appear on the registration books and (b) all Holders of Parity Debt or Junior Indebtedness and counterparties under Derivative Agreements providing for Derivative Agreement Regularly Scheduled Payments who shall have filed their name with the Trustee for such purpose, written notice of the occurrence of any Event of Default within thirty (30) days after the Trustee has notice of the same pursuant to the provisions of Section 908 that any such Event of Default shall have occurred; provided, however that, except upon the happening of an Event of Default specified in clauses (a) and (b) of Section 802 of this Trust Agreement, the Trustee may withhold such notice to the Owners, Holders and counterparties under Derivative Agreements if in its opinion such withholding is in the interest of such Owners, Holders and Derivative Agreement counterparties. The Trustee shall not be subject to any

liability to any such Owner, Holder or Derivative Agreement counterparty by reason of its failure to mail any such notice.

SECTION 813. *Right to Enforce Pavement of Bonds Unimpaired.* Nothing in this Article shall affect or impair the right of any Owner or Holder of Bonds, Parity Debt or Junior Indebtedness to enforce the payment of the principal of and interest on his Bond, Parity Debt or Junior Indebtedness or the obligation of the Authority to pay the principal of and interest on each Bond, Parity Debt or Junior Indebtedness to the Owner or Holder thereof at the time and place specified in said Bond, Parity Debt or Junior Indebtedness.

SECTION 814. *Special Rights of Holders of Junior Indebtedness.* If there are no Bonds or Parity Debt Outstanding, the provisions of Sections 804, 808, 901(b)(ii), 908, 914 and 915 which provide for certain rights of a percentage of Holders of Bonds and Parity Debt, shall be read as providing those same rights to Holders of Junior Indebtedness.

ARTICLE IX THE TRUSTEE AND BOND REGISTRARS

SECTION 901. *Acceptance of Trusts.* The Trustee by execution hereof accepts and agrees to fulfill the trusts imposed upon it by this Trust Agreement, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Trust Agreement, to all of which the Authority, the Trustee and the respective Owners of the Bonds and any Holders of Parity Debt or Junior Indebtedness and Derivative Agreement counterparties agree. Prior to the occurrence of any Event of Default and after the curing of all such Events of Default that may have occurred, the Trustee shall perform such duties and only such duties of the Trustee as are specifically set forth in this Trust Agreement. Upon the occurrence and during the continuation of any Event of Default, the Trustee shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

No provision of this Trust Agreement or any Indebtedness or Derivative Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to any such Event of Default hereunder, and after the curing of any Event of Default that may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Trust Agreement, and the Trustee shall not be liable except for the performance of such duties and obligations of the Trustee as are specifically set forth in this Trust Agreement, and no implied covenants or obligations shall be read into this Trust Agreement against the Trustee and no permissive right of the Trustee under this Trust Agreement shall impose any duty on the Trustee to take such action, and

(ii) in the absence of willful misconduct on its part, the Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it conforming to the requirements of this Trust Agreement, but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not on its face it conforms to the requirements of this Trust Agreement; and

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(i) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, and

(ii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners and Holders of not less than 25% or a majority, as this Trust Agreement shall require, in aggregate principal amount of the Bonds and Parity Debt then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any power conferred upon the Trustee under this Trust Agreement.

None of the provisions contained in this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

SECTION 902. *Indemnification of Trustee as Condition for Remedial Action.* The Trustee shall be under no obligation to institute any suit or to take any remedial proceeding (including, but not limited to, the appointment of a receiver) or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Authority, at the request of the Trustee, shall reimburse the Trustee from Revenues for all costs, expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Authority shall fail to make such reimbursement, the Trustee may reimburse itself from any money in its possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Indebtedness Outstanding.

SECTION 903. *Limitations on Obligations and Responsibilities of Trustee.* The Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Authority, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts under this Trust Agreement, the Trustee shall have no responsibility in respect of the validity or sufficiency of this Trust Agreement, or in respect of the validity of Bonds, Parity Debt and Junior Indebtedness or the due issuance or execution and delivery thereof. The Trustee shall be under no obligation to see that any duties herein imposed upon the Authority, any Bond Registrar, any consultant, any Depositary (other than a Depositary in which money shall have been deposited by the Trustee under the provisions of this Trust Agreement) or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

SECTION 904. *Trustee Not Liable for Failure of Authority to Act.* The Trustee shall not be liable or responsible because of the failure of the Authority or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Authority or because of the loss of any money arising through the insolvency or the act or default or omission of any Depositary (other than the Trustee or a Depositary in which such money shall have been deposited by the Trustee under the

provisions of this Trust Agreement). The Trustee shall not be responsible for the application of any of the proceeds of Bonds or any other money deposited with it and invested, paid out, withdrawn or transferred hereunder if such application, investment, payment, withdrawal or transfer shall be made in accordance with the provisions of this Trust Agreement. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

SECTION 905. Compensation and Indemnification of Trustee and Bond Registrar. Subject to the provisions of any contract between the Authority and the Trustee or any Bond Registrar relating to the compensation of the Trustee or such Bond Registrar, the Authority shall pay to the Trustee and each Bond Registrar from Revenues reasonable compensation for all services performed by them hereunder and also all their reasonable expenses, charges and other disbursements and those of their attorneys, agents and employees incurred in and about the administration and the performance of their powers and duties hereunder and, to the extent permitted by law, shall indemnify and save the Trustee and each Bond Registrar harmless against any liabilities that they may incur in the proper exercise and performance of their powers and duties hereunder. If the Authority shall fail to cause any payment required by this Section to be made, the Trustee and each Bond Registrar may make such payment from any money in its possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Bonds, Parity Debt and Junior Indebtedness Outstanding hereunder. The Authority covenants that it shall promptly deposit or cause to be deposited to the credit of the respective fund or account the amount withdrawn therefrom by the Trustee to make any such payment.

SECTION 906. Monthly Statements from Trustee. It shall be the duty of the Trustee, on or before the 15th day of each month, to file with the Authority a statement setting forth in respect of the preceding calendar month:

- (a) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund, account or subaccount held by it under the provisions of this Trust Agreement or any Supplemental Trust Agreement,
- (b) the amount on deposit with it at the end of such month in each such fund, account or subaccount,
- (c) a brief description of all obligations held by it as an investment of money in each such fund, account or subaccount,
- (d) the amount applied to the payment, purchase or redemption of Bonds, Parity Debt and Junior Indebtedness under the provisions of Article V and a description of the Bonds or portions thereof so paid, purchased or redeemed, and
- (e) any other information that the Authority may reasonably request.

All records and files pertaining to Bonds, Parity Debt and Junior Indebtedness and the Monroe Connector System in the custody of the Trustee not otherwise restricted or excluded from disclosure by the terms of this Trust Agreement, including, without limitation, Section 1002, shall be open at all reasonable times to the inspection of the Authority and its agents and representatives.

SECTION 907. Trustee May Rely on Certificates. If at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which this Trust Agreement provides for permitting or taking any action, the Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Trust Agreement, and any such certificate shall be

evidence of such fact or protect the Trustee in any action that it may or may not take or in respect of anything it may or may not do, in absence of willful misconduct, by reason of the supposed existence of such fact. Except as otherwise provided in this Trust Agreement, any request, notice, certificate or other instrument from the Authority to the Trustee shall be deemed to have been signed by the proper party or parties if signed by any Authorized Officer, and the Trustee may accept and rely upon a certificate signed by any Authorized Officer as to any action taken by the Authority.

SECTION 908. Notice of Default. Except upon the happening of any Event of Default specified in subsections (a), (b), (e) or (f) of Section 802 or the explicit report of an Event of Default pursuant to the penultimate clause of Section 706, the Trustee shall not be obliged to take notice or be deemed to have notice of any Event of Default under this Trust Agreement unless specifically notified in writing of such Event of Default by the Authority or the Owners and Holders of not less than 25% in aggregate principal amount of Bonds and Parity Debt then Outstanding.

SECTION 909. Trustee Not Responsible for Recitals. The recitals, statements and representations contained herein and in the Bonds shall be taken and construed as made by and on the part of the Authority and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of the same.

SECTION 910. Trustee Protected in Relying on Certain Documents. The Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in absence of willful misconduct, reasonably and in accordance with the terms of this Trust Agreement, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, or upon the written opinion of any attorney, engineer or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Trustee shall not be under any obligation to see to the recording or filing of this Trust Agreement or otherwise to the giving to any person of notice of the provisions hereof.

SECTION 911. Trustee May Pay Taxes and Assessments. In case the Authority shall fail to pay or cause to be paid any lawful tax, assessment or governmental charge or other charge upon any part of the Authority to the extent, if any, that the Authority may be deemed by the Trustee liable for same, the Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or the Owners or Holders of Bonds, Parity Debt and Junior Indebtedness arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid upon demand by the Trustee by the Authority, but the Trustee shall be under no obligation to make any such payment from sources provided in this Trust Agreement unless it shall have available or be provided with adequate funds for the purpose of such payment.

SECTION 912. Resignation and Removal of Trustee Subject to Appointment of Successor. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 915.

SECTION 913. Resignation of Trustee. Subject to the provisions of Section 912, the Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the Authority, and mailed, postage prepaid, at the Trustee's expense, to each Owner and Holder of Senior Lien Parity Debt, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee hereunder if such new Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

SECTION 914. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, (i) executed by the Owners and Holders of not less than a majority in aggregate principal amount of Senior Lien Parity Debt then Outstanding and filed with the Authority, or (ii) executed by an Authorized Officer, so long as no Event of Default shall have occurred and be continuing, in either case not less than sixty (60) days before such removal is to take effect as stated in said instrument of instruments. A photographic copy of any order, instrument or instruments filed with the Authority under the provisions of this paragraph, duly certified by the Authority Secretary as having been received by the Authority, shall be delivered promptly by the Authority Secretary to the Trustee.

The Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Authority or the Owners and Holders of not less than 25% in aggregate principal amount of Bonds, Parity Debt and Junior Indebtedness then Outstanding.

SECTION 915. Appointment of Successor Trustee. If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the positions of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any reason, the Authority shall appoint a Trustee to fill such vacancy. A successor Trustee shall not be required if the Trustee shall sell or assign substantially all of its trust business and the vendee or assignee shall continue in the trust business, or if a transfer of the trust department of the Trustee is required by operation of law, provided that such vendee, assignee or transferee is (i) a bank or trust company within or without the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing, and (iii) having a combined capital, surplus and undivided profits aggregating not less than One Hundred Million Dollars (\$100,000,000). The Authority shall mail notice of any such appointment made by it, postage prepaid, to all Owners and Holders of Bonds, Parity Debt and Junior Indebtedness.

At any time within sixty (60) days after any such vacancy shall have occurred, the Owners and Holders of not less than 25% in principal amount of Senior Lien Parity Debt then Outstanding, by an instrument or concurrent instruments in writing, executed by such Owners and filed with the Authority, may nominate a successor Trustee, which the Authority shall appoint and which shall supersede any Trustee theretofore appointed by the Authority. Photographic copies, duly certified by the Authority Secretary as having been received by the Authority, of each such instrument shall be delivered promptly by the Authority Secretary to the predecessor Trustee and to the Trustee so appointed by such Owners and Holders.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, any Owner or Holder of Bonds, Parity Debt or Junior Indebtedness or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any successor Trustee hereafter appointed shall be (i) a bank or trust company within or without the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing and (iii) having a combined capital, surplus and undivided profits aggregating not less than One Hundred Million Dollars (\$100,000,000).

SECTION 916. Vesting of Duties in Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Authority, an

instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written request of its successor or of the Authority and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of Section 905, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities and powers of such predecessor hereunder; and every predecessor Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Authority.

SECTION 917. Removal and Resignation of Bond Registrar. A Bond Registrar may be removed at anytime, with or without cause, by the Authority upon forty-five (45) days' written notice by the Authority to such Bond Registrar. A copy of such written notice shall be delivered promptly by the Authority to the Trustee. Upon receipt of such notice, the Trustee shall cause notice of such removal to be mailed, postage prepaid, to the Owners not less than thirty (30) days before such removal is to take effect. All costs in connection with such notice shall be borne by the Authority.

A Bond Registrar may resign and thereby become discharged from the duties, obligations and responsibilities of Bond Registrar under this Trust Agreement and the applicable Supplemental Trust Agreement, by written notice delivered to the Authority and the Trustee. Upon receipt of such notice the Trustee shall cause notice of such resignation to be mailed, postage prepaid, at such Bond Registrar's expense, to the Owners not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Bond Registrar hereunder if such new Bond Registrar shall be appointed before the time limited by such notice and shall then accept the duties, obligations and responsibilities of Bond Registrar under this Trust Agreement and the applicable Supplemental Trust Agreement. If at any time thereafter a Bond Registrar shall resign, be removed, be dissolved or otherwise become incapable of acting, or the entity acting as Bond Registrar shall be taken over by any governmental official, agency, department or board, the position of Bond registrar shall thereupon become vacant. If the position of Bond Registrar shall become vacant for any reason, the Authority shall appoint a Bond Registrar to fill such vacancy. A successor Bond Registrar shall not be required if a Bond Registrar shall sell or assign substantially all of its business and the vendee or assignee shall be qualified in the sole judgment of the Authority to carry out the duties, obligations and responsibilities of Bond Registrar under this Trust Agreement. The Authority shall promptly deliver written notice of any such appointment by it to the Trustee and mail such notice, postage prepaid, to all Owners of the applicable Bonds.

SECTION 918. Co-Trustee. At any time, but subject to compliance with all applicable regulations, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the trust estate may at the time be located, the Authority and the Trustee shall have power to appoint an additional institution or individual as a co-trustee or separate trustee, and upon the request of the Trustee or of 10% in aggregate principal amount of Bonds, Parity Debt and Junior Indebtedness then Outstanding the Authority shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint such institution or individual to act as co-trustee jointly with the Trustee or as a separate trustee of all or any part of the trust estate, and to vest in such person or institution, in such capacity, such title to the trust estate, or any part thereof, and such rights, powers, duties, trusts or obligations as the Authority and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

If the Authority shall not have made such appointment within 30 days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee alone shall have the power to make such appointment.

The Trustee and the Authority shall execute, acknowledge and deliver all such instruments as may be reasonably required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) Bonds shall be authenticated and delivered, if applicable, and all rights, powers, trusts, duties and obligations by this Trust Agreement conferred upon the Trustee in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by the Trustee;

(b) all rights, powers, trusts, duties and obligations conferred or imposed upon the Trustee by this Trust Agreement shall be conferred or imposed upon or exercised or performed by the Trustee, or by the Trustee and such co-trustee, or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or separate trustee;

(c) any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking or the refraining from taking of such action by such co-trustee or separate trustee;

(d) any co-trustee or separate trustee to the extent permitted by law may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(e) the Trustee at any time by an instrument in writing with the concurrence of the Authority may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section and in case an event of default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of or remove any such co-trustee or separate trustee without the concurrence of the Authority, and upon the request of the Trustee, the Authority shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section;

(f) no Trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder;

(g) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Owners and Holders of Bonds and delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee; and

(h) any money, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment, any such co-trustee or separate trustee shall be vested with such title to the trust estate or any part thereof, and with such rights, powers, duties, trusts or obligations as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Trust Agreement. Every such acceptance shall be filed with the Trustee and the Authority.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the trust estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

ARTICLE X
EXECUTION OF INSTRUMENTS BY OWNERS AND HOLDERS,
PROOF OF OWNERSHIP OF BONDS OR SENIOR LIEN
PARITY DEBT, AND DETERMINATION OF CONCURRENCE
OF OWNERS

SECTION 1001. *Execution of Instruments.* Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by any Owners or Holders of Bonds, Parity Debt or Junior Indebtedness may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners or Holders or their attorneys or legal representatives or legal representative of his estate if the Owner or Holder is deceased. Proof of the execution of any such instrument and of the ownership of Bonds, Parity Debt and Junior Indebtedness shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee and the Authority with regard to any action taken by either under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification, by any officer in any jurisdiction who by the laws thereof has power to take affidavits within such jurisdictions, to the effect that such instrument was subscribed and sworn to before him or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 205. The ownership or holding of Parity Debt or Junior Indebtedness shall be proved as provided in the related Parity Debt Resolution or other agreement, as the case may be.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of any Owner or Holder of Bonds, Parity Debt or Junior Indebtedness shall bind every future Owner or Holder of the same Bonds, Parity Debt or Junior Indebtedness in respect of anything done by the Trustee in pursuance of such request or consent.

Notwithstanding any of the foregoing provisions of this Section, the Trustee shall not be required to recognize any person as an Owner or Holder of Bonds, Parity Debt or Junior Indebtedness or to take any action at such an Owner's or Holder's request unless such Bonds, Parity Debt or Junior Indebtedness shall be deposited with it.

SECTION 1002. *Preservation of Information; Communications.*

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Owners received by the Trustee from the Bond Registrar.

(b) If an Owner which is a Securities Depository Nominee or three or more Owners which are not Securities Depository Nominees (hereinafter collectively referred to as “applicants”) apply in writing to the Trustee and furnish reasonable proof that each such applicant has owned a Bond for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Owners with respect to their rights under this Trust Agreement or under the Bonds and such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with subsection (a) of this Section, or

(ii) inform such applicants as to the approximate number of Owners whose names and addresses appear in the information preserved at the time by the Trustee in accordance with sub-Section (a) of this Section, and as to the approximate cost of mailing to such Owners the form of communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Owner whose name and address appears in the information preserved at the time by the Trustee in accordance with subsection (a) of this Section a copy of the form of communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing.

(c) Every Owner, by receiving and holding one or more Bonds, agrees with the Authority and the Trustee that neither the Authority nor the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Owners in accordance with subsection (b) of this Section, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under such subsection.

ARTICLE XI SUPPLEMENTAL TRUST AGREEMENTS

SECTION 1101. *Supplemental Trust Agreement Without Consent.* The Authority and the Trustee may, from time to time and at any time, execute and deliver supplemental trust agreements hereto (which supplemental trust agreements shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Trust Agreement and, in the opinion of the Trustee, who may rely upon a written opinion of legal counsel, shall not materially and adversely affect the interest of the Owners and Holders:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Trust Agreement, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Trust Agreement, or

(b) to grant or to confer upon the Trustee, for the benefit of the Owners or Holders, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners, the Holders or the Trustee, or

(c) to add to the provisions of this Trust Agreement other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the Authority in this Trust Agreement other covenants and agreements thereafter to be observed by the Authority or to surrender any right or power herein reserved to or conferred upon the Authority, or

(e) to permit the qualification of this Trust Agreement under any federal statute now or hereafter in effect or under any state blue sky law, and, in connection therewith, if the Authority so determines, to add to this Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or blue sky law; or

(f) to make any other change in this Trust Agreement which, in the opinion of the Trustee, who may rely upon a written opinion of legal counsel, shall not materially and adversely affect the interest of the Owners.

At least thirty (30) days prior to the execution and delivery of any supplemental trust agreement for any of the purposes of this Section, the Trustee shall cause a notice of the proposed execution and delivery of such supplemental trust agreement to be mailed, postage prepaid, to all Owners of Bonds and Holders of Parity Debt and Junior Indebtedness. Such notice shall briefly set forth in the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners of Bonds and Holders of Parity Debt and Junior Indebtedness. A failure on the part of the Trustee to mail the notice required by this Section shall not affect the validity of such supplemental trust agreement.

SECTION 1102. Supplemental Trust Agreement with Consent. Subject to the terms and provisions contained in this Section, and not otherwise, the Owners and Holders of not less than a majority in aggregate principal amount of Senior Lien Indebtedness then Outstanding, the Owners and Holders of not less than a majority in aggregate principal amount of the Subordinate Lien Indebtedness then Outstanding and the Owners and Holders of not less than a majority in aggregate principal amount of the Junior Indebtedness then Outstanding shall have the right, from time to time, anything contained in this Trust Agreement to the contrary notwithstanding, to consent to and approve the execution and delivery of such supplemental trust agreements as are deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement or in any supplemental trust agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness without the consent of the Owner or Holder of such Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness, (b) a reduction in the principal amount of any Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness or the redemption premium or the rate of interest on any Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness without the consent of the Owner or Holder of such Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness, (c) the creation of a pledge, charge and lien upon the Revenues other than the pledge, charge and lien created by this Trust Agreement without the consent of all of the Owners and Holders of Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness then Outstanding, (d) a preference or priority of any Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness over any other Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness except as expressly provided by this Trust Agreement without the consent of all of the Owners and Holders of Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness then Outstanding or (e) a reduction in the aggregate principal amount of the any Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior

Indebtedness required for consent to such supplemental trust agreement without the consent of all of the Owners and Holders of Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness then Outstanding. For purposes of clauses (a) through (e) of this paragraph, notwithstanding any provisions herein or in any Supplemental Trust Agreement or Parity Debt Resolution to the contrary, a Bond Insurer or Credit Provider shall not be deemed to be the Owner or Holder of Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness.

Nothing herein contained, however, shall be construed as making necessary the approval by Owners or Holders of Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness of the execution and delivery of any supplemental trust agreement as authorized in Section 1101. Furthermore, notwithstanding for the foregoing provisions of this Section, to the extent that the Holders or Owners of Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness, as the case may be, are not "affected" by the proposed supplemental trust agreement as provided in Section 1103, the consent of such Owners and Holders of not less than a majority in aggregate principal amount of Senior Lien Indebtedness, Subordinate Lien Indebtedness and Junior Indebtedness then Outstanding, as the case may be, shall not be required as provided in the preceding paragraph.

If at any time the Authority and the Trustee determines that it is necessary or desirable to execute and deliver any supplemental trust agreement for any of the purposes of this Section, the Trustee shall cause notice of the proposed supplemental trust agreement to be mailed, postage prepaid, to all Owners Bonds affected thereby at their addresses as they appear on the registration books and to all Holders of Parity Debt and Junior Indebtedness affected thereby in accordance with the related Parity Debt Resolution or other agreement as of the date of mailing such notice. Such notice shall briefly set forth the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all such Owners and Holders of Bonds, Parity Debt and Junior Indebtedness. The Trustee shall not, however, be subject to any liability to any Owner or Holder of Bonds, Parity Debt or Junior Indebtedness by reason of its failure to cause the notice required by this Section to be mailed, and any such failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such supplemental trust agreement when consented to and approved as provided in this Section.

Whenever, at any time within three (3) years after the date of the mailing of such notice, the Authority delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Owners or Holders of not less than a majority in aggregate principal amount of Senior Lien Indebtedness, Subordinate Lien Indebtedness and Junior Indebtedness then Outstanding that are affected by a proposed supplemental trust agreement, which instrument or instruments shall refer to the proposed supplemental trust agreement described in such notice and shall specifically consent to and approve the execution and delivery thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Authority and the Trustee may execute and deliver such supplemental trust agreement in substantially such form, without liability or responsibility to any Owner or Holder of any Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness whether or not such Owner or Holder shall have consented thereto.

If the Owners or Holders of not less than a majority in aggregate principal amount of any Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness then Outstanding at the time of the execution and delivery of such supplemental trust agreement and that are affected, as defined in Section 1103, by a proposed supplemental trust agreement have consented to and approved the execution and delivery thereof as herein provided, to the extent permitted by law, no Owner or Holder of any Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness shall have any right to object to the execution and delivery of such supplemental trust agreement, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution and

delivery thereof, or to enjoin or restrain the Authority and the Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

SECTION 1103. Senior Lien Indebtedness, Subordinate Lien Indebtedness and Junior Indebtedness Affected. For purposes of this Trust Agreement, Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness shall be deemed to be “affected” by a supplemental trust agreement if the same adversely affects or diminishes the rights of the Owners or Holders of such Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness against the Authority or the rights of such Owners or Holders in the security for such Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness. The Trustee who may rely upon a written opinion of legal counsel, may in its discretion determine whether any Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness would be affected by any supplemental trust agreement, and any such determination shall be conclusive upon the Owners and Holders of all Senior Lien Indebtedness, Subordinate Lien Indebtedness or Junior Indebtedness, whether theretofore or thereafter issued or incurred. The Trustee shall not be liable for any such determination made in good faith.

SECTION 1104. Supplemental Trust Agreements Part of Trust Agreement. Any supplemental trust agreement executed and delivered in accordance with the provisions of this Article shall thereafter form a part of this Trust Agreement, and this Trust Agreement shall be and be deemed to be modified and amended in accordance therewith. Thereafter the respective rights, duties and obligations under the Trust Agreement of the Authority, the Trustee and all Owners of Bonds and Holders of Parity Debt and Junior Indebtedness then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Trust Agreement as so modified and amended. If any supplemental trust agreement is executed and delivered, Bonds issued thereafter and Parity Debt and Junior Indebtedness incurred thereafter may contain an express reference to such supplemental trust agreement, if deemed necessary or desirable by the Authority.

SECTION 1105. Not a Supplemental Trust Agreement. For purpose of this Article, a Supplemental Trust Agreement, Parity Debt Resolution or other agreement that relates only to a particular Series of Bonds issued hereunder or Parity Debt incurred under a Parity Debt Resolution or Junior Indebtedness incurred under an agreement therefor and that does not purport to alter or amend the rights or security of any Owners of any Bonds of any other Series issued hereunder or any Holder of any other Parity Debt or Junior Indebtedness incurred hereunder shall not be deemed or considered to be a supplemental trust agreement for purposes of this Article.

ARTICLE XII DEFEASANCE

SECTION 1201. Release of Trust Agreement. When:

(a) the Bonds, Parity Debt and Junior Indebtedness secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in this Trust Agreement, and the whole amount of the principal and the interest and premium, if any, and other amounts so due and payable thereon shall be paid; and

(b) if the Bonds, Parity Debt and Junior Indebtedness shall not have become due and payable in accordance with their terms, the Trustee or any Bond Registrar shall hold, sufficient (i) money or (ii) Defeasance Obligations or a combination of (i) and (ii) of this clause (b), the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest and redemption premium, if any, on all Bonds, Parity Debt and Junior Indebtedness then Outstanding to the maturity date or dates of such Bonds, Parity Debt and Junior Indebtedness or to the date

or dates specified for the redemption thereof, as verified by a verification agent acceptable to the Trustee; and

(c) if Bonds, Parity Debt or Junior Indebtedness are to be called for redemption or prepayment, irrevocable instructions to call the Bonds, Parity Debt or Junior Indebtedness for redemption or prepayment shall have been given by the Authority to the Trustee with, if Series 2011 Bonds are outstanding, a copy delivered to the Initial 2011 Purchaser; and

(d) sufficient funds shall also have been provided or provision made for paying all other obligations payable hereunder by the Authority, including any Derivative Agreement Regularly Scheduled Payments and Guarantee Repayments.

then and in that case the right, title and interest of the Trustee in the funds, accounts and subaccounts mentioned in this Trust Agreement shall thereupon cease, determine and become void and, upon being furnished with an opinion, in form, and substance satisfactory to the Trustee, of counsel approved by the Trustee, to the effect that all conditions precedent to the release of this Trust Agreement have been satisfied, the Trustee shall release this Trust Agreement and shall execute such documents to evidence such release as may be required by such counsel, and the Trustee shall turn over to the Authority any surplus in, and all balances remaining in, all funds, accounts and subaccounts other than money held for the redemption or payment of Bonds, Parity Debt or Junior Indebtedness. Otherwise, this Trust Agreement shall be, continue and remain in full force and effect; provided, however, that in the event Defeasance Obligations shall be deposited with and held by the Trustee or the Bond Registrar as hereinabove provided, (i) in addition to the requirements set forth in Article III, the Trustee, within thirty (30) days after such Defeasance Obligations shall have been deposited with it, shall cause a notice signed by the Trustee to be mailed, postage prepaid, to all Owners and to all Holders of Bonds, Parity Debt and Junior Indebtedness, setting forth (a) the date or dates, if any, designated for the redemption of the Bonds, Parity Debt or Junior Indebtedness, (b) a description of the Defeasance Obligations so held by it, and (c) that this Trust Agreement has been released in accordance with the provisions of this Section, and (ii) (a) the Trustee shall nevertheless retain such rights, powers and privileges under this Trust Agreement as may be necessary and convenient in respect of the Bonds, Parity Debt and Junior Indebtedness for the payment of the principal, interest and any premium for which such Defeasance Obligations have been deposited and (b) each Bond Registrar shall retain such rights, powers and privileges under this Trust Agreement as may be necessary and convenient for the registration, transfer and exchange of Bonds; provided, however, that failure to mail such notice to any Owner or to the Owners, or to any such Holder or to such Holders, or any defect in such notice so mailed, shall not affect the validity of the release of this Trust Agreement.

All money and Defeasance Obligations held by the Trustee or any Bond Registrar pursuant to this Section shall be held in trust and applied to the payment, when due, of the obligations payable therewith. No defeasance of the Series 2011 Bonds which requires the deposit of Defeasance Obligations as described herein shall be effective until the Initial 2011 Purchaser has given prior written approval of the form of agreement providing for the maintenance and use of such Defeasance Obligations and the terms thereof providing for the Authority's obligation to pay any deficiencies which may arise from such agreement or Defeasance Obligations.

ARTICLE XIII MISCELLANEOUS PROVISIONS

SECTION 1301. *Successorship of Authority.* In the event the Authority for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Trust Agreement by or on behalf of or for the benefit of the

Authority shall bind or inure to the benefit of the successor or Authority from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "Authority" as used in this Trust Agreement shall include such successor or successors.

SECTION 1302. *Successorship of Depository and Bond Registrar.* Any bank or trust company with or into which a Depository or Bond Registrar may be merged or consolidated, or to which the assets and business of such Depository or Bond Registrar may be sold, shall be deemed the successor of such Depository or Bond Registrar for the purposes of this Trust Agreement. If the position of any Depository shall become vacant for any reason or the position of Bond Registrar shall become vacant for any reason not provided for by Section 917, the Authority shall appoint a bank or trust company to fill such vacancy within 30 days thereafter; provided, however, that if the Authority shall fail to appoint such Depository or Bond Registrar within such period, the Trustee shall make such appointment; provided, however, that the Trustee shall not be liable for the failure to make such appointment.

SECTION 1303. *Manner of Giving Notice.* All notices, demands and requests to be given to or made hereunder by the Authority or the Trustee shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

- | | | |
|-----|---|---|
| (a) | As to the Authority— | North Carolina Turnpike Authority
1 South Wilmington Street
Raleigh, North Carolina 27601
Attention: Chief Financial Officer |
| | With a copy to - | Secretary, North Carolina Department of Transportation
1 South Wilmington Street
Raleigh, North Carolina 27601 |
| (b) | As to the Trustee— | Wells Fargo Bank, N.A.
225 Water Street, Suite 410
Jacksonville, Florida 32202
Attention: Corporate Trust Services
Fax: (904) 489-3759
Email: Christopher.tracy@wellsfargo.com |
| (c) | As to the North Carolina
Local Government
Commission— | North Carolina Local Government Commission
325 Salisbury Street
Raleigh, NC 27602
Attention: Secretary |
| (d) | As to the Initial 2011
Purchaser | Banc of America Public Capital Corp
555 California Street, 4 th Floor
San Francisco, California 94104 |

Any such notice, demand or request may also be transmitted to the appropriate abovementioned party by telegram or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered or certified mail, return receipt requested, postage prepaid, to the other parties by the party effecting the change.

All documents received by the Trustee under the provisions of this Trust Agreement, or photographic copies thereof, shall be retained in its possession until this Trust Agreement shall be released under the provisions of Section 1201, subject at all reasonable times to the inspection of the Authority, any Owner and the agents and representatives thereof.

SECTION 1304. Substitute Mailing. If, because of the temporary or permanent suspension of postal service, the Authority or the Trustee shall be unable to mail any notice required to be given by the provisions of this Trust Agreement, the Authority or the Trustee shall give notice in such other manner as in the judgment of the Authority or the Trustee shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Trust Agreement be deemed to be in compliance with the requirement for the mailing thereof.

SECTION 1305. Parties, Bond Registrar, Owners and Holders Alone Have Rights under Trust Agreement. Except as herein or in a Supplemental Trust Agreement otherwise expressly provided, nothing in this Trust Agreement, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Trustee, each Bond Registrar, the Authority, the Owners of Bonds and the Holders of Parity Debt and Junior Indebtedness, each Bond Insurer and the providers of any Derivative Agreement (but only to the extent provided in Section 1313) any right, remedy or claim, legal or equitable, under or by reason of this Trust Agreement or any provision being intended to be and being for the sole and exclusive benefit of the Trustee, the Authority, each Bond Registrar, the Owners of Bonds and the Holders of Parity Debt and Junior Indebtedness and the providers of any Derivative Agreement (but only to the extent provided in Section 1313).

SECTION 1306. Effect of Partial Invalidity. In case anyone or more of the provisions of this Trust Agreement, any Supplemental Trust Agreement or any Parity Debt Resolution or other agreement, or any Bonds or any Parity Debt or Junior Indebtedness, shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Trust Agreement or such other documents or instruments, but this Trust Agreement and such other documents or instruments shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in this Trust Agreement such other documents or instruments shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

SECTION 1307. Effect of Covenants; Governing Law. All covenants, stipulations, obligations and agreements of the Authority contained in this Trust Agreement, any Supplemental Trust Agreement or any Parity Debt Resolution or other agreement shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent permitted by the Constitution and laws of the State. This Trust Agreement is executed and delivered with the intent that the laws of the State shall govern its construction.

SECTION 1308. No Recourse Against Members, Officers or Employees of Authority. No recourse under, or upon, any statement, obligation, covenant or agreement contained in this Trust Agreement, or in any Bond, Parity Debt or Junior Indebtedness hereby secured, or in any document or certification whatsoever, or under any judgment obtained against the Authority, or by the enforcement of any assessment, or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee of the

Authority, either directly or through the Authority for the payment for or to, the Authority or any receiver of the Authority, or for, or to, any Owner of Bonds or Holder of Parity Debt or Junior Indebtedness or otherwise, of any sum that may be due and unpaid upon any such Bond, Parity Debt or Junior Indebtedness. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Authority or any receiver of the Authority, or for, or to, any Owner of Bonds or Holder of Parity Debt or Junior Indebtedness or otherwise, of any sum that may remain due and unpaid upon the Bonds or any Parity Debt or Junior Indebtedness hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the adoption of this Trust Agreement and the issuance of Bonds and the incurrence of Parity Debt or Junior Indebtedness.

SECTION 1309. Dealing in Bonds or Parity Debt. The Trustee and any Bond Registrar, and their directors, officers, employees or agents, and any officer, employee or agent of the Authority, may in good faith, buy, sell, own, hold and deal in any Bonds or Parity Debt and may join in any action which any Owner or Holder thereof may be entitled to take with like effects as if such Trustee were not a Trustee and such bank or trust company were not the Bond Registrar under this Trust Agreement or as if such officer, employee or agent of the Authority did not serve in such capacity.

SECTION 1310. Headings. Any heading preceding the text of the several articles hereof, any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Trust Agreement, nor shall they affect its meaning, construction or effect.

SECTION 1311. Further Authority. The officers of the Authority, attorneys, engineers and other agents or employees of the Authority are hereby authorized to do all acts and things required of them by this Trust Agreement for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds and this Trust Agreement.

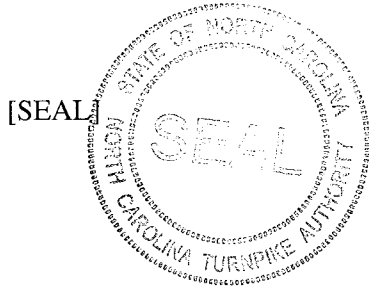
SECTION 1312. Payment Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right as provided in this Trust Agreement is not a Business Day, such payment may be made or act performed or right exercised on the next Business Day with the same force and effect as if done on the date provided in this Trust Agreement.

SECTION 1313. Treatment of Derivative Agreements. Anything in this Trust Agreement to the contrary notwithstanding, the counterparty under any Derivative Agreement providing for Senior Lien Derivative Agreement Regularly Scheduled Payments, Subordinate Lien Derivative Agreement Regularly Scheduled Payments or otherwise shall have no rights under this Trust Agreement to direct the method and place of conducting any remedial proceedings to be taken by the Trustee hereunder and shall have no voting rights with respect thereto or for any other purpose under this Trust Agreement, but shall only have the right to enforce those specific rights granted to such counterparties under this Trust Agreement, including, without limitation, those rights with respect to Section 503.

SECTION 1314. Multiple Counterparts. This Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

SECTION 1315. Calculations with respect to Capital Appreciation Bonds. Whenever in this Trust Agreement a vote or percentage test is applied to the principal amount of Outstanding Bonds, the Accreted Amount of each Outstanding Capital Appreciation Bond shall be used as its principal amount.

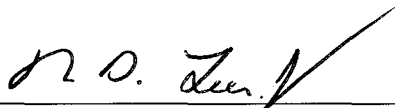
IN WITNESS WHEREOF, the Authority and the Trustee have caused this Trust Agreement to be executed in their respective names by their respective duly authorized representatives all as of the date first written above.



**NORTH CAROLINA TURNPIKE
AUTHORITY**

By: 
Executive Director

Attest:


Secretary

WELLS FARGO BANK, N.A., as Trustee

[SEAL]

By: _____
Vice President

Attest:

Relationship Specialist

Execution by Secretary of Transportation

The undersigned Secretary of Transportation of the State of North Carolina is executing this Trust Agreement to evidence the agreement of the North Carolina Department of Transportation to Section 701 and to the contingent guarantees contained in Sections 402, 510, 511 and 722 hereof, subject to the conditions stated herein and the other provisions of this Trust Agreement, including Section 515.

SECRETARY OF TRANSPORTATION



IN WITNESS WHEREOF, the Authority and the Trustee have caused this Trust Agreement to be executed in their respective names by their respective duly authorized representatives all as of the date first written above.

**NORTH CAROLINA TURNPIKE
AUTHORITY**

[SEAL]

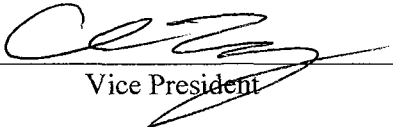
By: _____
Executive Director

Attest:

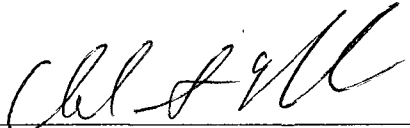
Secretary

WELLS FARGO BANK, N.A., as Trustee

[SEAL]

By: _____
Vice President

Attest:



Relationship Specialist

Execution by Secretary of Transportation

The undersigned Secretary of Transportation of the State of North Carolina is executing this Trust Agreement to evidence the agreement of the North Carolina Department of Transportation to Section 701 and to the contingent guarantees contained in Sections 402, 510, 511 and 722 hereof, subject to the conditions stated herein and the other provisions of this Trust Agreement, including Section 515.

SECRETARY OF TRANSPORTATION

EXHIBIT A

Requisition No. ____

FORM OF REQUISITION AND CERTIFICATE

_____, 20____

Attention:

Dear Sir or Madam:

On behalf of the North Carolina Turnpike Authority (the "Authority"), in connection with \$_____ North Carolina Turnpike Authority Monroe Connector System Turnpike Revenue Bonds, Series 2011 (the "Bonds") issued by the Authority, I hereby requisition from you funds held in the _____ Account of the North Carolina Turnpike Authority Project Fund (the "Project Fund") in accordance with the Trust Agreement, dated as of November 1, 2011 (the "Trust Agreement"), between the Authority and yourself, as trustee (the "Trustee), the sum of \$_____ payable to _____ for _____, All terms used but not defined herein are as in the Trust Agreement.

☐ Check if requisition is to fund or reimburse the revolving fund authorized by Section 404 of the Trust Agreement.

I hereby certify that (a) the obligation to make such payment was incurred by the Authority in connection with the construction and equipping of the Project or is a cost of issuance relating to the issuance of the Bonds, is presently due and payable, is a proper charge against the Project Fund and has not been the basis for any prior requisition which has been paid; (b) the Authority has not received written notice of any lien, right to lien or attachment upon, or claim affecting the right of such payee to receive payment of any of the money payable under this requisition to any of the persons, firms or corporations named herein, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been satisfied or discharged or will be satisfied or discharged upon payment of this requisition or provision made to adequately protect the Trustee and the Owners from incurring any loss as a result of the same; and (c) this requisition contains no items representing payment on account of any retainage which the Authority is entitled to retain at this date.

[Insert one of the two following paragraphs as applicable]

[I hereby further certify that such requisition contains no items for the payment of the purchase price or cost of any lands, property, property rights, rights-of-way, easements, franchises or interests in or relating to lands, other than lands, property, property rights, rights-of-way, easements, franchises or interests already constituting a part of the Monroe Connector System.

I hereby further certify that the land, property, property rights, rights of way, easements, franchises or other interest being acquired by the Authority in connection with this requisition are being acquired by the Authority in furtherance of the construction or acquisition of the Project.]

Authorized Officer

[If such item of payment is directly related to the acquisition of interests in land, attach Authority Attorney opinion required by Section 405(b) of the Trust Agreement.]

EXHIBIT B

FORM OF SERIES 2011 BOND

R-1

\$10,000,000

**United States of America
State of North Carolina**

**NORTH CAROLINA TURNPIKE AUTHORITY
MONROE CONNECTOR SYSTEM SENIOR LIEN
TURNPIKE REVENUE BOND, SERIES 2011**

Interest Rate	Maturity Date
2.48%	July 1, 2023

The **North Carolina Turnpike Authority**, (the “*Authority*”), within the Department of Transportation of the State of North Carolina, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to **Banc of America Public Capital Corp** or registered assigns or legal representative, on the maturity date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the designated corporate trust office of **Wells Fargo Bank, N.A.**, initially its corporate trust office located in Jacksonville, Florida (the “*Bond Registrar*”), the principal sum of TEN MILLION DOLLARS (\$10,000,000); provided while this Bond is held in certificated form, payments hereon shall be made by wire transfer, without presentation and surrender, as provided in the Trust Agreement hereafter mentioned.

The Authority also promises to pay, but solely from said sources, interest on this bond (calculated on the basis of a 360-day year consisting of twelve 30-day months) from the interest payment date next preceding the date on which it is authenticated, unless it is authenticated on an interest payment date, in which event it shall bear interest from such interest payment date, or it is authenticated prior to January 1, 2012, in which event it shall bear interest from its date, payable on January 1 and July 1 of each year, beginning July 1, 2012, at the rate per annum set forth above until the principal sum hereof is paid. The interest so payable and punctually paid or duly provided for on any interest payment date will be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this bond is registered at the close of business on a Special Record Date (as defined in the Trust Agreement hereinafter mentioned) for the payment of such defaulted interest to be fixed by the Trustee (hereinafter mentioned), notice whereof being given to the registered owners not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series 2011 Bonds (hereinafter mentioned) may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Trust Agreement. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This bond is one of a duly authorized series of revenue bonds of the Authority designated “Monroe Connector System Senior Lien Turnpike Revenue Bonds, Series 2011” (the “*Series 2011 Bonds*”), issued under and pursuant to the Constitution and laws of the State of North Carolina, including

the Act (as defined in the Trust Agreement), an order of the Authority adopted on November 14, 2011, authorizing the issuance of the Series 2011 Bonds, a Trust Agreement, dated as of November 1, 2011 (the "*Trust Agreement*"), between the Authority and Wells Fargo Bank, N.A., as trustee (in such capacity, the "*Trustee*"). The Bonds have been issued for the purpose of providing funds, together with any other available funds, (a) to pay the costs of land acquisition, design, construction and equipping of a turnpike project in Mecklenburg and Union Counties of North Carolina known as the Monroe Connector System, and (b) to pay the costs incurred in connection with the issuance of the Bonds.

The Series 2011 Bonds are being issued initially in the form of fully registered certificated bonds, but may be, in whole but not in part and only upon the written request of the holders, exchanged into bonds held by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Trust Agreement.

The Series 2011 Bonds are special obligations of the Authority secured by a pledge, charge and lien upon Revenues. Pursuant to the Trust Agreement, the "Revenues" consist of (a) any funds appropriated to the Authority by the State of North Carolina pursuant to pursuant to NCGS 136-176 or other legislation enacted by the General Assembly of the State providing for the annual appropriation of funds to the Authority to pay debt service on Bonds issued to finance the Monroe Connector System or to fund debt service reserves, operating reserves or similar reserves, (b) interest subsidy payments paid to the Authority from the United States Treasury under the "Build America Bond" program made in connection with certain bonds, and (c) the investment income realized on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the Authority in certain funds under the Trust Agreement including the Revenue Fund, the Debt Service Fund and the Reserve Funds. The Authority is not obligated to pay the principal of or the interest on the Bonds except as provided in the Trust Agreement from Revenues or certain other monies made available therefor under the Trust Agreement, and neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof or the Authority is pledged to the payment of the principal of and the interest on the Bonds.

Reference is made to the Trust Agreement for a more complete statement of the provisions thereof and of the rights of the Authority, the Trustee and the registered owners of the Bonds. Copies of the Trust Agreement will be available for inspection by any registered owner of the Bonds at all reasonable times at the designated corporate trust office of the Trustee. By the purchase and acceptance of this bond, the registered owner hereof signifies assent to all of the provisions of the Trust Agreement.

The Trust Agreement provides for the creation of a special fund designated "North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bond Debt Service Fund" (the "*Debt Service Fund*"). Pursuant to the Trust Agreement, special accounts have been created within the Debt Service Fund with respect to the Series 2011 Bonds (the "*Subaccounts*"), which accounts are pledged and charged with the payment of the principal of and the interest on the Series 2011 Bonds. The Trust Agreement provides for the deposit of Revenues to the credit of the accounts to the extent and in the manner provided in the Trust Agreement.

At the principal corporate trust office of the Bond Registrar, in the manner and subject to the conditions provided in the Trust Agreement, Series 2011 Bonds may be exchanged for an equal aggregate principal amount of Series 2011 Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at its principal corporate trust office books for the registration of transfer of the Bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Trust Agreement upon the surrender hereof to the Bond Registrar together with an

assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this Bond a new Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this bond, of the same maturity and bearing interest at the same rate.

The Series 2011 Bonds are subject to redemption, at the option of the Authority, in whole on any date or in part (with a \$250,000 minimum) on any January 1, April 1, July 1 or October 1, beginning October 1, 2017, from any moneys that may be available for such purpose, at 100% of principal amount of the Series 2011 Bonds to be redeemed, plus accrued interest to the redemption date, all in the manner provided in the Trust Agreement.

The Series 2011 Bonds are subject to mandatory redemption in part beginning on July 1, 2012, and on each July 1 thereafter until the maturity thereof, in the amounts set forth in the Trust Agreement as the mandatory sinking fund requirements therefor, from moneys deposited to the credit of the Sinking Fund Account, at a redemption price equal to 100% of the principal amount of the Series 2011 Bonds to be redeemed, plus accrued interest to the redemption date.

At least thirty (30) days but not more than sixty (60) days prior to the redemption date of any Bonds to be redeemed, whether such redemption is in whole or in part, the Bond Registrar shall cause a notice of any such redemption signed by the Bond Registrar to be mailed, first class, postage prepaid, to all registered owners of Bonds to be redeemed in whole or in part, provided that failure to mail any such notice to any registered owner or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Bonds of any other registered owner to whom such notice is properly given.

On the date designated for redemption, notice having been given as aforesaid, the Bonds or portions thereof so called for redemption shall become due and payable at the redemption price provided for the redemption of such Bonds or such portions thereof on such date plus accrued interest to such date.

If less than all of the Bonds are to be called for redemption, the Bonds to be so redeemed shall be called for redemption in the manner set forth in the Trust Agreement.

The registered owner of this bond shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Trust Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Agreement.

Modifications or alterations of the Trust Agreement or in any supplement Trust Agreement thereto may be made only to the extent and in the circumstances permitted by the Trust Agreement.

This bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Trust Agreement, at all times shall be, and shall be understood to be, an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina. This bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this bond and the execution and delivery of the Trust Agreement have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Trust Agreement until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the North Carolina Turnpike Authority, by an order duly adopted by its Board, has caused this bond to be manually signed by the Chairman of the Authority and the Secretary-Treasurer of the Authority to impress its corporate seal hereon and to attest the same, all as of the __ day of November, 2011.

NORTH CAROLINA TURNPIKE AUTHORITY

[SEAL]

By: _____
Chairman

By: _____
Secretary-Treasurer

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within bond has been approved under the provisions of The State and Local Government Revenue Bond Act.

Secretary
Local Government Commission

CERTIFICATE OF AUTHENTICATION

This bond is a Bond of the Series designated therein and issued under the provisions of the within mentioned Trust Agreement.

WELLS FARGO BANK, N.A., as Bond Registrar

[SEAL]

By: _____
Authorized Signatory

Date of authentication: November __, 2011

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY NUMBER
OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE _____
_____ the within
bond and all right thereunder, and hereby irrevocably constitutes and appoints
_____, attorney, to transfer the within bond on the books kept for
registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.